

*Cubana de Tabaco v. Culbro Corp.*, 213 F.Supp.2d 247 (S.D.N.Y. 2002) ("*Empresa II*"). Accordingly, Cubatabaco's claims are now limited to:

- (1) Count II (Article 10bis of the Paris Convention);
- (2) Count IV (Articles 20 and 21 of the Inter-American Convention); (3) Count VII (Trademark Infringement under Section 43(a) of the Lanham Act); (4) Count X (state and common law unfair competition); (5) Count XI (cancellation of the 1995 registration); (6) Count XII (dilution under state and federal law); and (7) [Count] XIII (common law misappropriation).

*Id.* at 286-87. Motions by both plaintiff and defendants to reconsider *Empresa II* were denied on October 8, 2002. *See Empresa Cubana de Tabaco v. Culbro Corp.*, 2002 WL 31251005 (S.D.N.Y. Oct.8, 2002) ("*Empresa III*").

In an opinion dated March 12, 2003, the Court struck General Cigar's inadequate defense of abandonment and permitted it to amend its answer to assert an adequate abandonment defense, and excluded the testimony of two late-disclosed witnesses. *See Empresa Cubana de Tabaco v. Culbro Corp.*, 213 F.R.D. 151 (S.D.N.Y. 2003) ("*Empresa IV*").

In accordance with these rulings, the trial took place on various dates between May 27, 2003 and June 23, 2003. Post-trial argument was heard on October 9, 2003.

### **FINDINGS OF FACT**

The following constitute the findings of fact of this Court and are based upon evidence adduced from the trial, testifying witnesses, over 1,500 exhibits, and the proposed findings of fact from Cubatabaco and General Cigar.

## *History of the Cohiba Mark Prior to 1992*

### *Cubatabaco's Use of the COHIBA Trademark*

In 1969, Cubatabaco filed an application to register the "COHIBA" mark in Cuba. By 1970, cigars branded with Cubatabaco's COHIBA trademark were being produced at the El Laguito factory in Havana. The cigar box and band bore a distinctive design developed for the COHIBA cigar as well as the COHIBA trademark. The box is plain and unpainted—the box top contains only the COHIBA name and an Indian Head logo, colored solid black, in the lower right corner. The band consists of a solid yellow field on the bottom section, and rows of white squares on a black field on the top. The name COHIBA, in all capitals in black on a white background in a bold sans serif font, straddles the top and bottom sections. The registration issued on May 31, 1972.

Throughout the 1970's, Cuban COHIBA cigars were commercially available and sold in Cuba at Havana's main hotels, upscale restaurants and two retail outlets. From 1970 to 1975, Cubatabaco claims that annual sales at the two retail outlets in Havana averaged approximately 100,000 cigars and increased to approximately 180,000 cigars per year by 1975. In addition, since at least 1970, COHIBA cigars had been sold to the Cuban Council of State, which includes the office of the Cuban President and to another Cuban state enterprise which in turn sold the cigars to Cuban Ministries and other government institutions.<sup>2</sup> Cubatabaco claims that the total volume of sales grew from approximately 350,000 to 375,000 per year from 1970 to 1975 to approximately

---

<sup>2</sup> General Cigar contests the characterization that cigars obtained and given away by Fidel Castro, other governmental officials and entities were sales by Cubatabaco.

550,000 to 600,000 per year from 1975 to 1980. There are no records of these sales, however, as Cubatabaco has a policy of destroying its sales and production records after five years.

By January 1978, Cubatabaco had made application to register COHIBA in 17 countries, including most of the Western European countries.<sup>3</sup> The applied-for registrations issued in due course. Cubatabaco did not, however, sell COHIBA cigars outside of Cuba until 1982.

In July 1981, Cubatabaco announced that it would soon begin commercial exports of COHIBA in *Cubatabaco International* (July-December 1981), published in English for the foreign cigar trade. The COHIBA cigar was on the issue's front cover. In this publication, Cubatabaco expressly positioned COHIBA as the pinnacle of Cuban cigars.

On June 30, 1982, Cubatabaco launched COHIBA's international commercial sales at an event in Madrid during the World Cup.

In 1983, Cubatabaco sought to register the COHIBA mark in the United States for the first time. In August 1984, its United States attorneys, Lackenbach, Siegal, Marzullo, Pesa & Aronson ("Lackenbach"), informed Cubatabaco that General Cigar had already obtained the registration on February 17, 1981.

On February 22, 1985, Cubatabaco filed an application with the PTO to register in the United States the BEHIQUE mark with the same trade dress it used on COHIBA cigars.

---

<sup>3</sup> The countries were: Great Britain, Ireland, Belgium, the Netherlands, Luxembourg, Spain, France, Denmark, Portugal, Australia, Egypt, South Africa, Argentina, Mexico, Switzerland, Venezuela, Colombia, and Italy. Cubatabaco has by now registered the mark in more than 115 countries total.

In 1987, Cubatabaco sought and obtained an opinion from Lackenbach on whether to begin legal proceedings over the COHIBA registration. Thereafter, Cubatabaco learned that General Cigar had filed a Declaration of Use and Incontestability for its COHIBA registration under Sections 8 and 15 of the Lanham Act in 1986 in connection with its 1981 registration for COHIBA. Cubatabaco chose not to take any action against General Cigar.

### *General Cigar's Use of the COHIBA Trademark*

General Cigar first learned of the name "COHIBA" in the late 1970's. General Cigar executives had read a *Forbes* article published on November 15, 1977 discussing the impact of Cuban cigars on the U.S. industry and noting that Cubatabaco was developing a COHIBA cigar to market abroad. In addition, a December 1977 internal memorandum refers to COHIBA as "sold in Cuba/brand in Cuba" and "Castro's brand cigars."<sup>4</sup>

In February 1978, General Cigar employee Oscar Boruchin ("Boruchin") discussed the COHIBA brand with Edgar Cullman Jr. ("Cullman"), chairman of Culbro. Boruchin purportedly had learned of COHIBA from a friend who visited Cuba on behalf of the State Department during the Carter Administration and was given COHIBA cigars in Cuba by "the highest echelons of government."

On March 13, 1978, General Cigar filed an application to register "Cohiba," with a claimed first use date of on or before February 13, 1978. Before or after pursuing this application, General Cigar did not request counsel to

---

<sup>4</sup> The words came from handwritten notations on an internal memoranda, and the handwriting was never identified. General Cigar claims that this writing cannot establish that it knew that Cubatabaco was using the COHIBA mark or selling COHIBA cigars prior to General Cigar's first use or application to register the COHIBA mark.

conduct a trademark search in Cuba or internationally, which would have disclosed the Cuban registrations. There is evidence to suggest that such a search would not have been industry practice in these circumstances.<sup>5</sup>

It is a disputed issue as to whether the COHIBA name was well-known at this time. Boruchin testified that he told Cullman that "[n]obody knew the brand," and it was "not on the market," "didn't mean anything to anybody," and was "just given to visitors, diplomats." Cubatabaco states, however, COHIBA cigars were well-known in the United States cigar industry and among the public because of the *Forbes* magazine article and a February 6, 1978 article in *New York* magazine featuring Cubatabaco and COHIBA. Further, numerous United States journalists, business executives, and others knew of the brand from seeing it on cigars for sale in retail outlets and hotels in Havana, from receiving COHIBA cigars as gifts in Cuba and at receptions in the United States, and by word of mouth.

On July 25, 1978, the U.S. Patent and Trademark Office ("PTO") asked General Cigar "whether the term COHIBA has any meaning or significance in the relevant trade or industry." General Cigar answered in the negative.

On March 20, 1979, the PTO, in another Office Action, noted, "Cohiba is a geographical tobacco growing region of Cuba," and stated that the COHIBA application would be refused as either geographically descriptive or mis-descriptive, depending on whether the goods were from

---

<sup>5</sup> While other U.S. law firms could and did conduct international trademark searches at the time, General Cigar cites the testimony of a U.S. trademark lawyer retained by Cubatabaco who stated that he has never conducted a trademark search in Cuba for a party who did not intend to use or register the mark in Cuba. Moreover, he stated that he generally does not conduct any foreign trademark searches for clients who want to use the mark in the United States only.

Cohiba. In a September 14, 1979 response, General Cigar asserted that COHIBA was "wholly arbitrary" and "fanciful and arbitrary," which Cubatabaco claims General Cigar clearly knew to be false.

On November 4, 1980, General Cigar's COHIBA application was published in the Trademark Office Official Gazette for opposition purposes. Neither Cubatabaco nor any other entity opposed General Cigar's COHIBA application. General Cigar obtained United States registration for the COHIBA mark, Registration 1,147,309, on February 17, 1981.<sup>6</sup>

General Cigar sold a cigar under the COHIBA name from 1978 until late 1987. From 1978 to 1982, General Cigar shipped 1000 or fewer COHIBA-branded cigars per year. The cigars were White Owl "stock" machine-made cigars that were shipped along with other White Owl cigars (or other "seconds") labeled with as many as 32 other different brands as part of a "trademark maintenance program."

Beginning in November 1982, General Cigar placed the COHIBA brand on its pre-existing Canario D'Oro premium cigar. The total sales from 1982 to 1985 were approximately 600,000 cigars, while fewer than 10,000 cigars were sold in 1986-87. The cigars are described by General Cigar as an "upscale bundle" of cigars, "positioned between premium and machine-made cigars in terms of price and quality." As a result of the declining sales, the lack of advertising by General Cigar, and the nearly complete absence of media mentions of the early

---

<sup>6</sup> Whether the trademark was legitimately obtained is a matter of dispute. Cubatabaco claims that General Cigar's incomplete, misleading and false responses to the PTO's queries were certain to mislead the PTO from a full and proper consideration of the matter, including that the Cuban brand was protected from registration or use in the United States under the Inter-American Convention.

General Cigar COHIBA, "[b]y November 1992, whatever goodwill, if any, generated by the sales in the early-mid 1980's would have long been entirely dissipated." Alan Siegel ("Siegel") Report, PX 318, at ¶ 5.

### *Fame of the COHIBA Mark in 1992 and Later*

#### *Evidence of the Fame of the COHIBA mark in November 1992*

No studies were commissioned by either party to determine the level of awareness of COHIBA in the U.S. in 1992. As a result, the quantitative data that experts from both sides relied on was from periods before and after General Cigar resumed use of the mark.

Cubatabaco has presented evidence which demonstrates that there was a significant interest in Cuban cigars generally in the period before General Cigar's reintroduction of the mark. Cullman has acknowledged that "Cuban cigars have had a mystique in the U.S. since the embargo." Tr. at 1021. In addition, according to the Cigar Association of America, the cigar industry's national trade organization, in 1988-89, despite the embargo, "as much as 10% of the 56 million premium cigars smoked in the United States were of Cuban origin." PX 217. The most substantive indication of interest in Cuban cigars and/or COHIBA cigars by premium cigar smokers, however, comes from survey evidence.

#### *The Shanken Survey*

In December 1991, a survey was conducted on behalf of M. Shanken Communications, Inc. (the "Shanken Survey"). The results were tabulated in January 1992. The survey participants were not representative of the general population, nor were they intended to be. Approximately 44% of the respondents reported annual incomes

of over \$100,000. Most of the respondents were selected from a list of subscribers to *Wine Spectator*, which is published by M. Shanken Communications, Inc.

The survey respondents expressed a particular interest in Cuban cigars: 47% of the respondents thought Cuba produced the best cigars; 33% of the respondents traveled outside the U.S. at least two times a year, and 54% of these travelers indicated that they had purchased Cuban cigars while traveling; and 24% of the respondents stated that the brand of cigar they normally smoked was Cuban.

The Shanken Survey did not measure either unaided awareness or aided awareness for any cigar brands. Unaided awareness is awareness of a brand without the benefit of prompting, while aided awareness measures the recognition of a brand after that brand has been mentioned. As measured by the Shanken Survey, awareness of the Cuban COHIBA was quite low:

Only 0.6% of respondents mentioned COHIBA as the most preferred brand they normally smoked, which placed it in a tie for 25th out of 26 among all brands mentioned. COHIBA was only ranked 8th among all Cuban cigars.

When asked about all brands of cigars normally smoked, 1.1% of respondents mentioned COHIBA, which placed it in a tie for the 29th position out of 30 among all brands. Among Cuban brands, COHIBA was ranked 8th.

2.2% mentioned COHIBA when asked about the finest cigar they had ever smoked. On this measure, COHIBA was tied for the 8th position out of 9, and was ranked 6th among Cuban brands. However, in the over \$3.50 per cigar group, COHIBA tied for fourth place, with 6% mentioning it.

Based in part on the Shanken Survey, General Cigar's expert Itamar Simonson ("Simonson"), a marketing professor at Stanford University, hypothesized an unaided awareness level of 3.5%. Simonson also testified that given that figure, the true awareness level was "well below 50% and in all likelihood, well below 15 to 20%," although he could not "put a number on that." Simonson Dep. at 119.

### *February 1992 issue of The Wine Spectator*

*The Wine Spectator* magazine published a feature in its February 15, 1992 issue entitled "The Allure of Cuban Cigars, Special Report from Havana 30 Years After the U.S. Embargo." PX 1157. The issue included several articles on Cuban cigars, and described COHIBA as Cuba's "finest" cigar. Another article reported that COHIBA is "the hot brand" in London's cigar shops. In an article entitled "The Man Behind the Coveted Cohiba," it is reported that

Cohiba is revered by cigar aficionados like Lafite or Petrus are treasured by wine connoisseurs. American cigar collectors are known to pay three or four times the normal retail price for a box of 25 Cohibas smuggled into America. Actor Tom Cruise reportedly has a standing order for two boxes of Cohiba Robustos whenever he is in Europe.

*Id.* The total paid circulation of the February 15 issue was 105,659 issues. PX 1221.

### *The Launch of Cigar Aficionado*

Sometime in 1992, Marvin Shanken ("Shanken"), the editor and publisher of *Wine Spectator*, approached Cubatabaco to seek advertising and assistance in putting together articles for *Cigar Aficionado*. Cubatabaco

agreed to advertise in the magazine and to provide information for articles about its cigars by giving Shanken and his reporters access to farms and factories and setting up interviews upon request. Cubatabaco agreed to pay the expenses of Shanken and others from *Cigar Aficionado* for their trips to Cuba.

On September 1, 1992, M. Shanken Communications, Inc. ("Shanken Communications") published the premier issue of *Cigar Aficionado* magazine (the "premier issue"). Other than trade papers, it was the only U.S. publication devoted to premium cigars, and remained the sole publication of its kind for several years. Before *Cigar Aficionado* was published, the only article discussing the Cuban COHIBA in any detail was one written by Shanken and James Suckling, *Cigar Aficionado's* European Editor, in the February 15, 1992 issue of *Wine Spectator*.

The premier issue of *Cigar Aficionado* had a U.S. circulation of 115,000 copies. Of these, 73,000 represented paid subscriptions, 32,000 went to newsstands (inclusive of cigar retail stores, street newsstands and bookstores) and 10,000 were promotional.

At year-end 1991, there were 467,000 premium cigar smokers in the U.S.; by year-end 1992, there were 483,100. Thus, the circulation of the premier issue of *Cigar Aficionado* was equal to approximately 25% of all premium cigar smokers at the time.

*Cigar Aficionado's* premier issue was a glossy, full color upscale publication with high production values. The issue contains a six-page story entitled, "The Legend of Cohiba: Cigar Lovers Everywhere Dream of Cuba's Finest Cigar." COHIBA is described as "legendary to cigar aficionados," and smoking a COHIBA is described as "giving the same kind of satisfaction as a wonderful glass of Chateau Lafite-Rothschild does to a

wine lover or a superb main course at a Michelin three-star restaurant does to a gourmet." The issue also rated cigar brands, and gave the COHIBA Robusto the highest ranking, a 96 out of 100. Other highly positive references to the Cuban COHIBA appear throughout the magazine. Other than COHIBA, no article in the premier issue is devoted to a particular cigar brand. Siegel, who has extensive experience in the branding and marketing of products, testified that "[i]n my more than 35 years of experience, I cannot recall any product in any category getting more powerful and favorable publicity than the Cuban Cohiba received in the premier issue of *Cigar Aficionado*." Siegel Direct ¶ 17.

The premier issue was published with two different covers, one for the U.S. market and one for the rest of the world. Both mentioned "Cuba's Best Cigar" on the cover, but the international cover featured those words, while the U.S. cover placed the words in smaller print at the bottom, headlining instead "America's Favorite Cigars," a reference to an article within about Dominican-made cigars.

Although it cannot be quantified with precision, the Cuban COHIBA was further publicized by pass-along readership, the phenomenon whereby "readers talk to others about what particularly memorable articles they have read in an authoritative publication and frequently pass along the issue." Siegel Direct ¶ 51. Cubatabaco's expert, Alvin Ossip ("Ossip") testified that a premier issue of a magazine would receive greater than average pass-along readership.

#### *Other Publicity Following the Premier Issue*

The September 21, 1992 issue of Newsweek, with a national circulation of 3,195,309, see PX 64.1, reported on the launch of *Cigar Aficionado* magazine. The article

described *Cigar Aficionado's* "blind tastings," and noted, "Unfortunately this month's winner, the five-inch Cohiba Robusto ('mouth-filling with rich coffee, spicy flavors and an impressively long finish'), is Cuban and can't be bought on the open U.S. market." PX 1112(c)(1)-49 at P10897. The article also commented on the "impressive 60 pages of ads for such premium products as a hand-blown bottle of Glenlivet Scotch at \$650, Louis Vuitton luggage and, of course, Cohiba cigars." *Id.*

Other articles published soon after the premier issue focused on the growing cigar market and referenced both *Cigar Aficionado* and COHIBA. See Cynthia Penney, "Puff Piece," *Forbes*, Nov. 23, 1992 (observing that Cuban cigars "have enormous cachet" and noting demand for "the fabled Cohibas and Punches and Monte Cristos"); Gregory Katz, "Dominicans Burn With a Desire to Claim Cigar Dominance," *Dallas Morning News*, Nov. 1, 1992 (referring to COHIBA and Montecristo as "the best Cuban cigars").

### *Other Media References*

Between 1986 and November 20, 1992, there were approximately 46 news articles published which mentioned COHIBA. The majority of the articles are not about cigars and mention COHIBA only in passing. Over 70% of the articles contain only a single reference to COHIBA. No evidence has been produced as to how many premium cigar smokers were exposed to the articles. However, COHIBA is referred to in the articles very positively and is portrayed as the cigar of the rich and powerful. A 1990 *New York Times* article on the film director Michael Winner reports that Winner smoked a "\$15 Cohiba cigar as smoked by Castro" and quotes him observing: "Have you noticed that the world's greatest luxury items in the world are always 'as used by' Com-

munist leaders?" John Culhane, *In 'Bulls-Eye!' the Aim is Laughter*, N.Y. Times, Jan. 14, 1990, at Sec. 2, p. 15. A 1992 article in a Miami newspaper stated in a featured sentence in large print: "Cohibas, the best of the Cuban-made cigars, sell for \$12 to \$25 in London." Nancy San Martin, *Fake Cuban Cigars Raise Quite A Stink*, Miami Herald, Sep. 30, 1992, at 1B.

The evidence presented by Cubatabaco demonstrates that there was significant awareness of the COHIBA brand in November 1992. While the Shanken Survey shows that awareness was quite low prior to the premiere issue of *Cigar Aficionado*, that issue provided a significant boost in name recognition for the brand. The only significant data on the fame of the brand that post-dates the premier issue comes a year and a half after General Cigar resumed sales of its COHIBA cigar, as set forth below. Undoubtedly, the continued publicity of the Cuban COHIBA in subsequent issues added to whatever fame the brand had achieved in November 1992. Nevertheless, the data from July 1994 can be reasonably extrapolated to determine that the estimates provided by Ossip for mid-1994 to mid-1995 do not grossly overestimate the probable awareness of the Cuban COHIBA brand in November 1992.

### ***The Introduction of the General Cigar COHIBA in 1992***

In September 1992, following the publication of the premier issue of *Cigar Aficionado*, General Cigar made a decision to adopt the name "Cohiba" for a new super-premium cigar product. General Cigar made the decision in part to capitalize on the success of the Cuban Cohiba brand and especially the good ratings and the notoriety that it had received in *Cigar Aficionado*. The General Cigar management, including President David

Burgh ("Burgh"), discussed the *Cigar Aficionado* article. The management was pleased that the Cuban Cohiba had rated so well in the premier issue, and thought that it would be good if General Cigar were able to capitalize on those good ratings.

On November 20, 1992, General Cigar reintroduced its COHIBA as a premium cigar, sold through Alfred Dunhill, a high-end nationwide chain of cigar stores. General Cigar acknowledges that the reintroduction was at least in part a response to *Cigar Aficionado*'s coverage of the Cuban COHIBA. However, Cullman and Ronald Milstein ("Milstein"), a former in-house attorney for General Cigar, both testified that General Cigar had intended to launch a premium COHIBA cigar and had been engaged in discussions with outside counsel since 1989 regarding possible use of the Cuban trade dress on such a cigar. No documentary evidence was adduced showing that General Cigar had plans for a "super-premium" cigar prior to the premier issue of *Cigar Aficionado*. General Cigar has stated that "[t]he high ranking of the Cuban COHIBA and the perception at the company that the brand would grow in prominence motivated General Cigar management to direct that a product be introduced as soon as possible." Def.'s PFF, ¶ 63.

In reintroducing its COHIBA, the General Cigar management wanted to use trade dress for its product as close as permissible to that of the Cuban COHIBA. General Cigar pursued this strategy because "they wanted to somehow capitalize on the success of the Cuban brand, and especially at this point in time the good ratings that it got, the notoriety that it got from *Cigar Aficionado*." Milstein Dep. at 183. General Cigar's Vice-President of Marketing, John Rano ("Rano"), retained a graphic designer and asked him to produce packaging that was "exactly same." Bachner Dep. at 56-57. The designer did

as instructed, although the prototypes that were made were never used in commerce.

When considering packaging for the General Cigar COHIBA, Milstein wrote to General Cigar's trademark counsel, Harry Marcus ("Marcus") of Morgan & Finnegan, stating: "Enclosed is a label, a box with a label, and a cigar with a band from Cubatabaco's COHIBA brand cigar. As we discussed, we would like to use a label as near as possible to this one. Please review their U.S. registration and suggest label designs as close as possible to these." PX 926. General Cigar did not tell Marcus that their purpose for wanting to use a label as close as possible to the Cuban COHIBA was in order to capitalize on the success and notoriety of the Cuban brand. *See* Tr. 1154-55 ("He wouldn't have told me because that is not what I understood his purpose to be.").

The General Cigar COHIBA that was introduced in November 1992 was sold in a high quality but plain wooden box. The box had only the COHIBA name on the lid and the name of General Cigar's importing company on the bottom with the words "made in the Dominican Republic." DX 287. The COHIBA name printed on the box was in a bold sans serif typeface like that of the Cuban COHIBA and was in a location similar to that of the Cuban COHIBA box. General Cigar did not use any element of Cubatabaco's registered Cuban COHIBA trade dress, such as the Indian Head logo or the black, white and yellow design. The box did not have any logo or design, and the cigars were sold without bands. The cigars were sold without bands because General Cigar "didn't want anything to be registering in a very big way with the consumer for a long period of time," Rano Dep. at 99, and "because the brand image was in transition,

[General Cigar] did not wish to commit to a band with a particular design on it." Collman Direct ¶ 56.

The General Cigar COHIBA introduced in November 1992 was in fact a preexisting General Cigar product, "Temple Hall." General Cigar initially manufactured a small quantity—3600 cigars—and sold them exclusively through Alfred Dunhill stores. Dunhill agreed to sell the unbanded Temple Hall-COHIBA branded cigar because of the COHIBA name. The Dunhill catalog advertised the General Cigar COHIBA as the "[r]ightful heir to the Cuban legend," and noted that "[t]he cigars have no band, but *you* will know." PX 335. Another Dunhill catalog states in reference to the General Cigar COHIBA that "[t]oday's cigar enthusiast need look no further than the Alfred Dunhill humidors for this celebrated range of Cuban origin." PX 1153. In March 1994, Marc Perez ("Perez"), a buyer for Dunhill, characterized the Cuban Cohiba as "the most legendary cigars in the U.S. market, where they cannot legally be purchased." PX 899. Perez testified that when he wrote that he was "playing off the hype that I believe started with the article in the premier issue of *Cigar Aficionado*." Perez Dep. at 436.

The Temple Hall-COHIBA was sold by Dunhill, and later by Mike's Cigars, a Florida retailer, wholesaler, and mail-order distributor, for almost five years, from the end of 1992 to sometime in 1997. General Cigar engaged in no advertising or promotion of its Cohiba cigar from 1992 to 1997. Sales of the General Cigar COHIBA from November 1992 to 1996 were as follows:

1992: 5600

1993: 50,000

1994: 49,000

1995: 101,000

1996: 96,000

These sales constituted less than 0.05% of General Cigar's annual premium cigar sales from 1992 to 1996.

In late 1992 and early 1993, General Cigar decided to seek Cubatabaco's permission to use its registered Cohiba trade dress. According to a memo authored by Milstein in January 1993, the stated rationale for seeking Cubatabaco's permission was that in order "[t]o aid GC in successfully repositioning and relaunching its Cohiba brand cigar, it would be useful to exploit the popularity, familiarity, brand recognition and overall success of the Cuban Cohiba." PX 1084. According to Milstein, this referred to General Cigar's intent to develop a brand image in the U.S. based on the growing reputation of the Cuban COHIBA outside the United States. Tr. 1286-87. The memo also stated that "[t]he obvious immediate benefit for GC of such an arrangement is to promote its relaunch of Cohiba and exploit the brand recognition and image of its Cuban cousin." PX 1084. The plan to seek permission from Cubatabaco, however, was ultimately abandoned.

In the same period from late 1992 to early 1993, General Cigar developed a marketing and advertising strategy with its long-time advertising agency, McCaffery, Ratner, Gottlieb & Lane ("McCaffery Ratner"). The strategy, "Marketing the Cuban Cigar," was prepared either by McCaffery Ratner or by General Cigar in late 1992 and early 1993. The document describes the fame of Cuban Cohiba:

Cohiba is the magic word in the cigar industry. It is consistently given top ranking by the industry judges and the name has a high recognition factor here in the U.S. despite the fact that it cannot be purchased in the country.

PX 966. The possibility of confusion between the two brands was also considered:

There is a problem that could lead to confusion in the marketplace with the introduction of a premium cigar with the Cohiba name. There is a "Cuban" Cohiba already being advertised here. This creates an uneven playing field for the new introduction. It means, essentially, that every Cohiba ad will benefit that cigar equally as well as the American Cohiba cigar. When the embargo is lifted, it is important that General Cigar continue to own the Cohiba name so that they will have leverage in distributing the real, Cuban Cohiba.

*Id.* Part of General Cigar's strategy was to foster an association of the General Cigar COHIBA with Cuba. Phase 1 of the marketing strategy was to "[e]xploit the Cohiba name, with its reputation as one of the world's finest cigars, to build a brand image for the U.S. product." PX 314. Among the "tactics" to be used in implementing that strategy was "subliminally connect [ing] the Cohiba name with the romance of pre-Castro Cuba," *id.*, despite the fact that Cohiba was developed after the Cuban Revolution. To do this, McCaffery Ratner originally suggested a "Cohiba Launch Campaign":

For the introduction of Cohiba we recommend a special event. The time is the 50's, the place Havana, Cuba, where the fantasy, glamour, romance and mystic [sic] were at its height and the wealthy Americans and Europeans used it as their playground. We want to titillate the memories of those who have known and those who have wondered.

PX 940.1. The phrase "the place Havana, Cuba" was replaced with "And the place is reminiscent of the

avored playgrounds of the Caribbean," *id.*, but the proposal was otherwise unchanged.

### *The 1994 and 1995 Surveys*

The first survey after *Cigar Aficionado*'s publication was conducted by General Cigar in July 1994 by telephone with a sample of 200. The source of the respondents or their qualifications has not been provided by General Cigar. However, Ossip reports that:

The respondents in these studies, compared with those in the Shanken Study, were less likely to be \$200,000 a year earners and less likely to be corporate executives and managers, although there was a general upward income skew among respondents. They were somewhat more likely to be under 35 years of age than those in the Shanken Study and somewhat less likely to buy cigars via mail order.

Ossip Direct, ¶ 36. The 1994 survey measured the percentage of respondents who indicated that they had tried a COHIBA cigar ("trial awareness") at 18.5%, placing it 10th among all brands of premium cigars. Unaided awareness in this survey, and in subsequent surveys, was measured by first asking "What is the first brand of cigar you can think of?" and following that up with "What other brands of cigar can you think of?" Respondents were not asked to name Cuban brands. According to the survey, the unaided awareness level for COHIBA was 14.5%. No aided awareness survey data was taken for COHIBA, or for any other Cuban brand.

Another telephone survey, reported in February 1995 with a sample of 304, but likely conducted earlier, registered a trial awareness for COHIBA of 21.4% and an unaided awareness of 17.1%. A third post-publication survey, reported in May 1995 with a sample of 363, reg-

istered a trial awareness of 23.4% and an unaided awareness of 16.7%. Simonson, the defendant's expert, hypothesizes that trial awareness is higher than unaided awareness because the previous trial awareness questions "are likely to aid the consumer in retrieving cigar names from memory." Simonson Direct ¶47. Ossip similarly suggests that unaided awareness data

is obtained in studies like these in a telephone interview where the respondent may not give deep thought to plumbing his memory for brand names, and where the interviewer, who has a long interview to complete, will move the questioning along when the respondent pauses.

Ossip Direct ¶38. On average, respondents volunteer 4.4 brand names (some of which are not premium brand names) but they report having tried an average of 6.8 brands.

All three surveys collected aided awareness data for other brands. The following tables summarize the figures for four brands with comparable trial and unaided awareness rates:

*July 1994*

	<b>Trial</b>	<b>Unaided</b>	<b>Aided</b>
Davidoff	27	18.0	73
Hoyo de Monterey	26	11.5	76
Avo	26	13.0	52
Ashton	22	8.5	60
<b>COHIBA</b>	18.5	14.5	

*February 1995*

	<b>Trial</b>	<b>Unaided</b>	<b>Aided</b>
Davidoff	28	16.8	77
Hoyo de Monterey	32	16.4	80
Avo	31	15.0	58
Ashton	22	7.2	58
<b>COHIBA</b>	21.4	17.1	

*May 1995*

	<b>Trial</b>	<b>Unaided</b>	<b>Aided</b>
Davidoff	31	18.4	80
Hoyo de Monterey	32	17.1	83
Avo	32	14.6	61
Ashton	23	7.7	57
<b>COHIBA</b>	23.4	16.7	

Aided awareness frequently overstates the true brand awareness because of the phenomenon of "spurious awareness." Spurious awareness occurs when survey respondents are asked whether they have heard of a particular brand name; if the name seems plausible for the product category, some respondents will say they have heard of it even if they have not. Both Cubatabaco's and General Cigar's experts have concluded, however, that "it is almost always the case that true awareness exceeds unaided awareness." Tr. 1427 (Simonson). One way to address the problem of spurious awareness is to include "controls," which are "often fictitious brand names that appear plausible for the product category or existing

brands from related but different product categories." Simonson Direct ¶ 26. Controls were not used in the 1994 and 1995 surveys. Neither General Cigar nor Cubatabaco provided an estimate of the degree of spurious awareness in the three telephone surveys.

Cubatabaco's expert, Ossip, has estimated that based on the survey data "it is likely that Cohiba awareness in mid-1994 to mid-1995 was in the 62-71% range." Ossip Direct ¶ 50. Ossip examined the three surveys for the differences between unaided and aided awareness for nine brands (four of which are shown above), and then averaged the differences as a guideline for the likely increment over Cohiba's reported unaided awareness. Ossip initially averaged seven of the nine brands, which yielded an average increment of 55%. Ossip excluded Macanudo and Partagas "because their extremely high trial rates limit the potential for the increment between unaided and aided awareness." *Id.* at ¶ 43. In response to criticism by Simonson, Ossip averaged all nine brands, which produced an average increment of 48%. Neither of these approaches are generally used, and are not reported in the relevant literature. Ossip explains his resort to estimation as follows:

The task of deriving an estimate of aided awareness from unaided awareness numbers is uncommon since if one has an interest in both measures then such information would be collected. Apparently, General Cigar was interested in the nine brands for which both types of data were collected, but not in Cohiba unaided awareness. Consequently, I cannot draw on established procedures.

Ossip Direct ¶ 41. Simonson criticizes the methodology because it is guaranteed to yield an aided awareness level of 48%, even for a brand with zero unaided aware-

ness. While such a result would not make sense, Simonson's criticism has only limited application when applied to unaided awareness levels which are comparable to other brands. In fact, three to four brands in each survey registered lower unaided awareness than COHIBA, despite being available in the United States. It is therefore appropriate to use an estimation technique in determining the Cohiba's aided awareness level in 1994 and 1995.

While it is true, as General Cigar argues, that "there is no way to derive aided awareness for a given brand from the relationship between aided awareness (or trial awareness) for other brands because these relationships may vary significantly from one brand to another," Def. PFF ¶ 86, it does not therefore follow that it is illegitimate to *estimate* aided awareness based on similar data for other brands. General Cigar provides no evidence that the aided awareness figures for COHIBA would be significantly lower than those of other brands with comparable trial and unaided awareness figures. Indeed, Simonson also uses estimation techniques to derive an awareness figure from the Shanken Survey, which did not ask about unaided or aided awareness. *See id.* at ¶¶ 77-81. Based on the evidence provided in the 1994 and 1995 surveys, aided awareness of the COHIBA brand was significantly higher than 50% in July 1994.

Ossip also testified persuasively that the unaided awareness of Cohiba would have measured significantly higher if questions such as "What brands of Cuban cigars can you think of?" were asked, instead of asking about cigar brands generally. Ossip Direct ¶ 40. Such an approach is suggested by Kevin Keller in his book *Strategic Brand Management: Building, Measuring and Managing Brand Equity* (2d ed.2003), pp. 453-57, a book also cited by Simonson.

***Evidence of General Cigar's Intent in Reintroducing the COHIBA Mark in 1992***

***General Cigar Executives' Trip to Havana***

In November 1992, Milstein and Alfons Mayer ("Mayer"), then General Cigar's Vice President for tobacco, attended a symposium in Havana celebrating the fifth centennial of the discovery of tobacco. Milstein does not speak or read Spanish, although he was involved in the legal aspects of General Cigar's international business. Mayer had worked for General Cigar in Cuba prior to the revolution, and was fluent in Spanish.

Neither Milstein nor Mayer had been instructed to engage in any discussion with Cubatabaco. Their plans were to learn more about the world cigar markets and assess the implications for the company should the embargo end.

Milstein and Mayer had a meeting with Cubatabaco's President, Francisco Padron ("Padron"), on November 3, 1992. There was no mention of COHIBA at the meeting. However, according to a memo by Milstein dated November 25, 1992, "Padron made it very clear that trademarks are not important. He said that Havana will sell cigars no matter what name they have." DX 88.

Milstein was also introduced to a junior Cubatabaco attorney named Adareglio Garrido de la Grana ("Garrido") at a party in Havana. At the time Garrido did not speak English and only understood spoken English poorly. Garrido did not have any responsibilities for Cubatabaco's trademarks in the United States or in any other English-speaking territory. According to a memo prepared by Milstein on November 20, 1992, when Milstein and Garrido discussed COHIBA, Garrido stated that Cubatabaco "acknowledged that we owned the name in the U.S. and that we would be free to sell a cigar

under that name there." DX89. However, the memo states that Garrido objected to the use of the COHIBA trade dress. Milstein has no recollection of his conversation with Garrido other than reviewing the memo he prepared afterward, and does not remember if he made any notes relating to the conversation.

Garrido testified that he never told representatives of General Cigar that it was free to sell cigars in the U.S. under the COHIBA name, stating that "not even if I had lost my mind would I have said anything" about the rights to COHIBA. Garrido Direct ¶ 3. Milstein describes the meeting as "very much a social meeting in that it was a friendly sort of chat rather than us sitting down around a conference table." Tr. 1224. There was also no discussion of whether Garrido had been authorized to speak on behalf of Cubatabaco concerning COHIBA. Only Milstein and Garrido were present and Milstein does not recall whether Garrido spoke to him in Spanish or English.

General Cigar has argued that at Milstein's meeting with Garrido in Havana in November 1992, Cubatabaco recognized that General Cigar owned the COHIBA word mark in the United States. However, the evidence shows that General Cigar intended to reintroduce the COHIBA mark in September 1992, before the Milstein-Garrido meeting. Further, Garrido was not authorized to make such statements, and General Cigar's trademark counsel further warned that "an acquiescence defense may be difficult to prove based on oral remarks ." PX 834 at GC 87. Finally, in consideration of Garrido's denial that he made any statement to that effect and the language barrier that separated Milstein and Garrido at the time, the evidence adduced by General Cigar of Cubatabaco's alleged acknowledgment is not credible.

***General Cigar's Communications with Its Trademark Counsel***

General Cigar's relaunch of its COHIBA cigar took place before it had consulted with its trademark counsel specifically on the use of the word mark or the use of the Cuban COHIBA trade dress. Shortly afterward, however, General Cigar requested an opinion on these issues.

In a December 1992 draft opinion letter that was never formalized or signed, trademark counsel advised General Cigar that the use of the COHIBA name along with Cubatabaco's trade dress would likely lead a trier of fact "to conclude that there was deliberate copying to take advantage of the goodwill associated with the Cuban product." PX 834. The letter opined that for Cubatabaco to establish a superior right to the COHIBA word mark, "it would have to prove that (a) a segment of the U.S. public associates the COHIBA mark with Cubatabaco, or even an anonymous source of Cuban cigars; and (b) this brand recognition antedates General Cigar's use of the mark in the ordinary course of trade." *Id.* However, the letter concluded that it was "unlikely that Cubatabaco could prove sufficient exposure of the COHIBA brand to cigar smokers in the U.S. to establish the requisite secondary meaning or likelihood of confusion necessary for Cubatabaco to prevail." *Id.* The opinion letter also raises the possibility that General Cigar may have abandoned the COHIBA mark by periods of nonuse following its application for registration in 1978 and the issuance of the registration in 1981.

The letter took into account the publicity created by the premier issue of *Cigar Aficionado*, but noted that "any brand recognition which may exist in the U.S. is limited to the highest echelon of the cigar smoking public in terms of amount spent per cigar." *Id.*

The letter acknowledged the alleged comments made by Garrido to Milstein regarding the use of the COHIBA mark in the U.S., and raised the possibility that the statements "may give rise to the defense of acquiescence in connection with your use of the word mark ." *Id.* However, it also noted that "an acquiescence defense may be difficult to prove based on oral remarks," and suggested obtaining written confirmation from Cubatabaco. *Id.*

Trademark counsel's advice in the letter was to "file a new U.S. trademark application, based either on use in commerce or intent-to-use, coinciding with the new launch of COHIBA product. If a new application for COHIBA depicts the mark in some stylized form, or even in block letters, it would not be deemed duplicative of the existing registration." *Id.*

General Cigar did not rely on the draft letter when it adopted and began use of the Cohiba mark in late November of 1992. Trademark counsel's letter is dated December 1992, and it was transmitted to General Cigar on December 2, 1992, after General Cigar has already begun marketing COHIBA cigars.

### ***General Cigar Files for a Second COHIBA Registration***

Pursuant to the advice of trademark counsel, General Cigar applied for a second COHIBA registration on December 30, 1992. In December 1991, trademark counsel had conducted a trademark search and provided a legal opinion that no one else had a right to the COHIBA word mark in the U.S. at that time. General Cigar's application was published for opposition on April 12, 1994, and granted without opposition in 1995.

For the purposes of the second application, trademark counsel faxed to a trademark illustrator a photocopy of the COHIBA mark from the Cuban COHIBA box. The

---

resulting block letter drawing was attached to the application that trademark counsel filed in December 1992 on General Cigar's behalf to reregister the COHIBA word mark using a specific typeface.

General Cigar claims that it did not believe there was much awareness of the Cuban COHIBA in the U.S. It relied on the opinion of its trademark counsel, who were aware of the *Cigar Aficionado* articles on the Cuban COHIBA, that COHIBA was unlikely to be well-known in the U.S. General Cigar also claims that it believed that Cubatabaco did not and would not assert rights to the COHIBA word mark in the U.S. as a result of the conversation between Milstein and Garrido in Havana and Padron's published remarks.

***Cubatabaco's Intent with Respect to the COHIBA Mark in the U.S. Between 1992 and 1997***

***Padron's First Interview With Cigar Aficionado***

In a November 1992 interview, published in the Spring 1993 *Cigar Aficionado*, Francisco Padron, director of Cubatabaco, replied to a question regarding the company's future strategy for Cuban cigars. The magazine included the following purported exchange:

CA: Many American smokers don't realize that there are two brands of Partagas, a Partagas in America from the Dominican Republic and a Partagas sold around the world from Cuba. Assuming that tomorrow the embargo was lifted, how would it work?

Padron: We are not going to have two brands over there. Not even in Europe. We decided to break off our deal with Davidoff because of that. So what would happen is that we would launch new things

for the North American market, new brands. Or we could make an arrangement with the brand owners there.

CA: General Cigar, as an example, owns the brand names Partagas, Ramon Allones and Cohiba for the U.S. market, and it has tremendous distribution in the United States. I would imagine that they would love to sit down with you and work it out to represent those brands of Cuban cigars in America. Is this possible or a problem? You are shaking your head no.

Padron: The first condition is that they must pass the brand name to us. This is the first condition. Immediately. If not, forget about it. Second condition, they must be our partner the same way that we have it with the rest of the world. There is no other way to make a deal with us. If not, forget about it.

Padron also stated:

We want to have [a] Habano cigar, not a brand name. It doesn't matter if it is Bolivar, Montecristo or even Cohiba. For the last four years, we have been telling the connoisseur how to recognize a Havana. When we launched the smoke ad we just put Havana, now Habanos. We think the most important thing is the umbrella that can cover all brand names. We can create a brand name whenever we want.

Cubatabaco challenges these statements as unreliable given the difficulties of translation (the interviewer spoke no Spanish) and complexity of legal issues. In response, General Cigar notes that Padron never corrected or disclaimed the statements attributed to him in the interviews.

***Padron's Second Interview with Cigar Aficionado***

In a December 1993 interview with Padron, which appeared in the Spring 1994 edition of *Cigar Aficionado*, the following exchange purportedly took place:

CA: If the embargo ended tomorrow or two to five years from now, have you thought through how it would happen and what the scenario would be? You have problems with certain brands as far as trademark issues, and with other brands you do not have a problem. Have you thought how you would introduce your brands to the American market?

Padron: First there is going to be a fight. We have not been able to have the brand name in the United States because of the embargo. It was forced by [the United States]. It was not decided on our side. . . . But we are not going to fight in order to get our cigars into the United States. As we always say, a Habano [cigar] is a Habano [cigar]. With a name of Marvin or Padron or Meyer or whatever goes on the cigar, it is a Habano. So, we are going to let everybody know that we are here, and this is a Habano. We are not going to fight with somebody else because he owns the brand name of Cohiba or Montecristo in America. We have been living without that for a long time.

Cubatabaco challenged this statement for the same reasons it objected to Padron's earlier interview excerpts. As noted in *Empresa II*, Padron's statement is internally contradictory on the issue of whether there is "going to be a fight." 213 F.Supp.2d at 277 n. 44. Further, both interviews were made without "the true knowledge of the facts—that General Cigar was pursuing a new registration for the COHIBA mark." *Id.* at 277. Padron's

statements to the press therefore do not constitute a conclusive expression of Cubatobaco's intent.

***Cubatabaco's Efforts to Promote the COHIBA Brand in the United States***

Since the 1970's, Cubatabaco has registered Cohiba in International Class 34 in 115 countries. Cubatabaco launched COHIBA internationally in Spain in 1982. By 1987, the brand was being exported to more than 22 countries, including Canada, Mexico, and several European countries. Despite their inability to sell cigars in the U.S., Cubatabaco has made efforts to promote the brand in the United States. In January 1997, Cubatabaco filed an application to cancel General Cigar's registration of the COHIBA mark.

After the article in *The Wine Spectator* in February 1992, Shanken returned to Havana to seek the support and collaboration of Cubatabaco for the launch of *Cigar Aficionado*. Cubatabaco agreed and assisted the magazine by facilitating the visit of journalists to Cuba, arranging for them to visit Cuba's tobacco farms and cigar factories, and arranging interviews. The staff of Cubatabaco were instructed to collaborate with *Cigar Aficionado* in order to promote Cuban cigars, including COHIBA, to cigar smokers in the United States as well as other English-speaking consumers.

In the 1992 meeting between Cubatabaco and Shanken, both Shanken and Cubatabaco representatives expressed the view that the premier issue of *Cigar Aficionado* should feature a major article on COHIBA. Cubatabaco did not suggest that an article be written about any other brand.

Cubatabaco decided that its advertisement in *Cigar Aficionado* would be for COHIBA and not for any other brand. The ad ran in the premier and second issues of

*Cigar Aficionado*, but further advertisements were prevented by General Cigar's threat of infringement actions. The advertisement was a full-page, color advertisement that bore the legend, "COHIBA is the first name in cigars."

After the premier issue, the Cubatabaco Marketing Department continued to provide ongoing assistance to *Cigar Aficionado*'s writers, who visited Cuba between two and three times per year between 1992 and 1997, as well as later. *Cigar Aficionado* reported much more on COHIBA than on any other brand.

In November 1992, Cubatabaco launched the 1492 Siglo line of COHIBA at the 5th Centennial celebration of the landing of Columbus in Cuba. Cubatabaco invited Shanken and Suckling from *Cigar Aficionado*, and both attended. The March 1993 issue of *Cigar Aficionado* contained a laudatory feature on the Siglo launch, and gave high ratings, from 90 to 96, to each cigar in the line.

The Cubatabaco Marketing Department requested that Shanken be granted an interview with President Castro, to be published in *Cigar Aficionado*. The interview, conducted by Shanken, appeared in *Cigar Aficionado*'s June 1994 issue. The magazine's cover portrayed Castro with a COHIBA cigar. The Shanken interview with Castro generated articles referencing COHIBA in several newspapers.

In 1994, Cubatabaco collaborated with *Cigar Aficionado* on the organization of the "Dinner of the Century," promoted by *Cigar Aficionado* as a lavish cigar dinner for elite personalities in Paris on October 22, 1994. The Marketing Department understood that a number of U.S. personalities would be invited and the event would be covered by *Cigar Aficionado*. Cubatabaco proposed that COHIBA be the featured

cigar, and produced and provided, free of charge, new vitolas, or cigar shapes, of COHIBA created especially for the dinner, as well as special COHIBA boxes.

The association of the COHIBA cigar with this event provided substantial publicity for COHIBA in *Cigar Aficionado* and in other U.S. publications, including the New York Times and the Miami Herald. Numerous prominent Americans sat on the dinner board, including R.W. Apple Jr., Washington Bureau Chief of the New York Times, and Steven Florio, President of Conde Nast Publications.

The Marketing Department invited Shanken and Suckling to the cigar events it organized in Cuba in 1994 and 1995, and in 1996, it extended to them invitations to attend its 30th anniversary celebration of the COHIBA. In 1995, Habanos, S.A., Cubatabaco's licensee, named Shanken "Habanos Man of the Year for Communications" at the September 1995 dinner it held in Havana.

In late 1995, Habanos, S.A. decided to organize a gala celebration to mark the 30th anniversary of COHIBA, to take place in 1996. In early 1996, it decided to postpone the event until 1997 to allow for adequate preparation. The Marketing Department carried out planning of the event from early 1996 and invitation lists were drawn up in 1996. The 30th anniversary events took place in Havana during the last week of February 1997.

In drawing up the invitation list, Habanos included a wide range of U.S. press, celebrities and business persons. More than 800 persons attended the event, including almost 100 persons from the U.S., of which more than 30 were journalists. NBC and CNN covered the event, as did journalists from *Cigar Aficionado*.

More than 35 stories were published on the COHIBA celebration in the U.S. press preceding the event. *Cigar Aficionado* included articles in both its May/June and

July/August 1997 issues, as did the Summer 1997 issue of *Smoke*. With Habanos' permission and assistance, CNN filmed footage in the spring of 1996 in preparation of the celebration, and aired a program using this material on April 10, 1996. In late 1996, CNN shot footage at the El Laguito factory and conducted numerous interviews with Cubans connected with the production and sale of COHIBA cigars. CNN covered the 30th Anniversary, and CBS broadcast a report on its "Sunday Morning" program that included footage of the 30th anniversary celebration. National Public Radio introduced its live broadcast from Havana on February 28, 1997 with a piece about the 30th anniversary of COHIBA.

Between 1992 and the end of 1996, as well as after that, Cubatabaco's Marketing Department met with and assisted numerous U.S. journalists in order to promote Cuban cigars, and COHIBA in particular. The head of the Marketing Department met with, among others, representatives of CNN and CBS, *Business Week*, *Smoke*, and *Tobacco International*, as well as *Cigar Aficionado*. Throughout the 1990's, the Marketing Department worked with and provided assistance to many other U.S. writers and journalists, almost all of whom pursued a particular interest in COHIBA.

During the 1992-1997 period, the Marketing Department assisted several authors in their research of books on cigars that prominently featured and praised COHIBA, and granted them the use of photographs and materials. It contracted for the U.S. publication of the leading Cuban book on Cuban cigars, which also contained material on COHIBA. It also assisted U.S. filmmakers who made videos on Cuban cigars with prominence given to COHIBA.

It has been the policy and practice of the Marketing Department to assist all U.S. journalists. It has given preference to requests of U.S. journalists for information and interviews about COHIBA, and has facilitated their visits to the El Laguito factory and other factories where COHIBA cigars are manufactured.

According to Ana Lopez Garcia ("Lopez Garcia"), the Director of Marketing for Cubatabaco from 1993 to 1994, and the Director of Marketing at Habanos, S.A., from 1994 until the present, Cubatabaco has always intended to sell COHIBA in the United States market as soon it was legally possible, and the Marketing Department, in furtherance of this intention, engaged in activities aimed at building and maintaining the reputation of COHIBA in the U.S., including during the period 1992-1997. Lopez Garcia Direct § 50.

After learning in 1996 that a Dominican company named Monte Cristi was manufacturing Dominican cigars bearing the COHIBA name and the Cuban COHIBA trade dress and exporting them in large numbers to the United States, Cubatabaco moved against Monte Cristi in the Dominican Republic. Cubatabaco successfully cancelled Monte Cristi's Dominican trademark registration, and Cubatabaco's exclusive licensee, Habanos, S.A., now sells Cuban COHIBAs in the Dominican Republic.

### ***Cubatabaco's Attempts to Cancel General Cigar's COHIBA Registration***

In January 1994, Cubatabaco received a box of General Cigar's COHIBA-branded Temple Hall cigars. Along with the box, Cubatabaco received a note stating that the box was not sold as a "regular item" and that it was being produced by General Cigar only for purposes

of its trademark registration.<sup>7</sup> At the time Cubatabaco believed that General Cigar was not making stable or continuous use of the COHIBA trademark in the United States. Cubatabaco's counsel did not learn of the box until some time later.

On April 12, 1994, General Cigar's application to register COHIBA in a block letter format was published for opposition. No entity challenged General Cigar's application to register COHIBA in block letter format at that time.

After its aborted attempt to register the COHIBA mark in 1983 and 1984, Cubatabaco pursued registration again in June 1994 when it learned that General Cigar had filed a second application for the mark and believed that General Cigar's prior registration and use rights might be vulnerable. Cubatabaco's chief counsel at that time conferred with the law firm Rabinowitz, Boudin, Standard, Krinsky & Lieberman ("Rabinowitz, Boudin") in June and July 1994 as to the availability of legal remedies with respect to General Cigar's registration and use of the COHIBA mark, and with other United States attorneys at other times in 1995 and 1996. Garrido conducted investigations in Cuba in late 1995 and 1996, and presented a final memorandum to Cubatabaco's president in August 1996. Cubatabaco's board authorized litigation on September 12, 1996.

On January 15, 1997, Cubatabaco commenced a proceeding in the Trademark Trial and Appeal Board ("TTAB") to cancel General Cigar's registration of the

---

<sup>7</sup> The note read in full: "This Box of Cohiba is produced by General Cigar for trademark registration purposes in the U.S.A. only. This is not to be sold as a regular item. That is why you only see the name Cohiba. The cigar is ??? Tom." The back of the box bore a stamp, "Dunhill by Alfred Dunhill of London, Inc. Handmade in Santiago Republica Dominicana 42K Beverly Hills."

COHIBA mark and filed an application with the United States Patent and Trademark Office ("USPTO") to register COHIBA in International Class 34. General Cigar's senior management was aware of the cancellation petition at that time.

On May 28, 1997, Cullman, Jr. contacted Francisco Linares ("Linares"), president of Habanos, S.A., a marketing arm of Cubatabaco, to propose a settlement meeting. As noted earlier, the instant lawsuit was filed on November 12, 1997.

During the period from 1992 to 1997, Cubatabaco intended to market its COHIBA in the United States in the event that it became legally possible to do so.

***Likelihood of confusion of the Cuban COHIBA with the General Cigar COHIBA***

***General Cigar's Assessment of the COHIBA Brand From 1992 to 1997***

Cullman, Jr. was interviewed by *Cigar Aficionado* for its September 1996 issue. The following exchange was reported in the magazine:

CA: One obvious question is Cohiba. What are you doing with that? You own the American rights but you haven't done much with it. Why haven't you taken the brand to market and made it a priority given the awareness and consumer demand for the brand?

Cullman: I think it's a very good question and the answer really lies in the fact that we don't have a blend and a unique taste for the cigar that we would be happy with. We think it's such a blockbuster brand name that we must come out with something that is equal to the expectation of the brand. . . .

We need to develop a third leg, in essence, a taste for Cohiba. If we just came out with something that was a variation of a Macanudo or a variation of a Partagas, we don't think that would cut it.

PX 1123(8).

Cullman also testified that "by May of 1997, the awareness and the cult status of the Cuban Cohiba was much more recognized." Cullman Dep. at 442. He also stated that "it was impossible not to acknowledge at that point a strong awareness among cigar smokers that Cohiba existed, there was a Cuban Cohiba, and as I mentioned before, there was great interest, among new smokers especially, to walk around with, showing off the Cuban Cohiba label." *Id.* at 443.

***The 1997 Launch of the Super-Premium General Cigar COHIBA***

In late January or February 1997, General Cigar made a decision to launch a new product under the COHIBA name at the July 1997 annual Retail Tobacco Dealers of America ("RTDA") convention. The earliest evidence adduced concerning the proposed General Cigar COHIBA launch is a document from February, 23, 1997. Rano testified that the decision to launch the new product was made "very early in '97." Rano Dep. at 178.

McCaffery Ratner did no work on COHIBA from mid-1993 until late 1996 or early 1997. General Cigar asked McCaffery Ratner to use the same 1950's Havana/Caribbean mystique proposal they had prepared in 1993 in the various "Marketing the Cohiba Cigar" documents. The 1950's Caribbean mystique strategy was executed as the advertising and promotion that accompanied the General Cigar COHIBA launch in September 1997.

General Cigar has repeatedly acknowledged that the Cuban COHIBA was well known by U.S. cigar consumers prior to General Cigar's super-premium COHIBA launch in fall 1997. Cullman, Jr. testified that "[i]n 1997 the Cuban Cohiba was certainly well known in the United States." Tr. 1103. A Fall 1997 General Cigar document created for the sales force as a selling tool described COHIBA as "the most recognized cigar brand in the world." PX 881.

The marketing strategy of General Cigar was to exploit the fame of the Cuban brand for the new General Cigar product. In its Product Development Guide, dated May 13, 1997, General Cigar stated that the "Cuban cigar heritage and the near 'cult' status of the Cohiba Cuban version will be a benefit to generate initial trial of the brand, and easy brand recognition, but not the main engine driving the brand." PX 98. Further, the design of the relaunched General Cigar COHIBA was modeled after the look of the Cuban COHIBA. The same document states: "Packaging/presentation will be minimal in keeping with [the] clean, sparse look of [the] Cuban Cohiba." *Id.* The band of the new General Cigar COHIBA consists of two thick black stripes on the top and bottom of the band. The remainder of the band is white, except for the name COHIBA in black bold letters, with a red dot inside the "O", and a red oval with the words "HAND MADE" in small black letters.

The look of the cigar band, while similar in typeface to the Cuban COHIBA, is significantly different, as reported by *Cigar Insider* in August 1997:

The unvarnished mahogany box in which the cigars will be packaged is still plain, but the new band has a distinct graphic identity that's in the spirit of the famous Cuban logo, but doesn't precisely imitate it. Instead of the signature yellow and black of Cuba's

Cohiba, General's brand has simple black lettering; a splash of red in the circle of the "O" is the only flourish.

PX 867. The assessment of the "graphic" difference between the two bands is, of course, a distinct issue from the identically worded trademarks.

***Advertising for the Relunched General Cigar COHIBA***

The 1997 advertising for the General Cigar COHIBA attempted to create an association in the consumer's mind to Cuba and the Cuban COHIBA. General Cigar's expert acknowledged that advertising themes such as "past and present come together in COHIBA" evoked an association with Cuba. Simonson Dep. at 187-88. In-store posters for use by retail tobacconists were created based on a work order to "[c]reate a Cohiba brand image poster that incorporates the mystique of Cuba." PX 987. Several of the initial advertisements, as well as the flyleaf enclosed in the cigar box, also promoted the claim that the filler of the General Cigar COHIBA contained "Cuban seed" tobacco. See DX34A (flyleaf); PX 882 (promotion sent to retailers stating that "the filler is grown from Cuban seed, 'Piloto Cubano' grown in the Dominican Republic.")

Cigar retailers promoting the General Cigar product advertised the cigar in a manner that suggested its association with the Cuban COHIBA. General Cigar has submitted no evidence showing that it attempted to dissuade retailers from pursuing such a strategy. In August 1998, Famous Cigars, a major retailer, provided General Cigar with pre-publication catalog copy for its COHIBA with the heading "COHIBA: THE CIGAR EVERYONE WANTS TO SMOKE! NOW AVAILABLE IN THE U.S.!!"

PX 327. The copy also described the General Cigar COHIBA as "[t]rue to its Cuban roots." *Id.* Another major retailer, Thompson & Co., stated in its catalog that "there are only two places in the world where this brand is legitimately manufactured: Castro's Cuba and in the Diaz y Cia subsidiary of General Cigar Co. in Santiago, Dominican Republic." PX 356. The catalog later states that

As you might imagine, given the popularity of the Cohiba brand, getting a supply of them is quite difficult. After all, tobaccoists the world over are clamoring for any supply they can procure, legitimate or otherwise.

*Id.* Cubatabaco has provided evidence of numerous similar advertisements for the General Cigar COHIBA by less prominent retailers. *See e.g.*, PX 1131-1 (internet website of Amalfi Cigar Company: "The pride of the Havanas is now made in the Dominican Republic. Named after what the Taino Indians of Cuba called tobacco.") The existence of such advertisements contributed to possible consumer misunderstanding over the relation between the two brands, a misunderstanding that General Cigar did not attempt to dispel.

### ***General Cigar's Actions Against the Cuban COHIBA***

General Cigar has consistently acted against the importation, advertisement and display of the Cuban COHIBA in the U.S. on the ground that the Cuban COHIBA infringes on General Cigar's COHIBA.

— In November 1997, after Cubatabaco commenced this lawsuit, counsel for General Cigar wrote to the United States Custom Service to demand that Customs stop U.S. persons returning from Cuba from legally bringing

Cuban COHIBAs into the United States on the ground that such COHIBA-labeled cigars infringed General Cigar's trademark rights. In the letter, Cuban COHIBAs are referred to as "counterfeit goods." PX 1134-17. Although returning visitors are allowed under the U.S. embargo to bring up to \$100.00 worth of Cuban goods into the U.S., General Cigar prevailed upon Customs to bar consumers from bring back more than one item bearing the COHIBA mark. Under U.S. trademark law, persons returning from abroad are allow to bring only one infringing item into the country for personal use.

At Cubatabaco's request, Hunters & Frankau, a distributor of cigars in London, placed an advertisement in the premier issue of *Cigar Aficionado* featuring the Cuban COHIBA. After the advertisement appeared, General Cigar gave formal notice in a November 5, 1992 letter to Hunters & Frankau, with a copy to the editor and publisher of *Cigar Aficionado*, that it considered the advertisement to infringe on General Cigar's registered mark (1981 registration).

In September 1993, General Cigar wrote to Havana House, a Canadian cigar distributor, and accused it of intending to advertise the Cuban COHIBA in *Cigar Aficionado*. General Cigar threatened Havana House with an injunction under 15 U.S.C. § 1114 if it ran such an advertisement. General Cigar similarly responded to advertisements in *Cigar Aficionado* by the Cohiba Cigar Divan in Hong Kong.

General Cigar's General Counsel, Ross Wollen ("Wollen"), testified that it remained the company's position that all of these *Cigar Aficionado* advertisements were infringing because any use of the word "COHIBA" in association with cigars would cause confusion in the U.S. marketplace. Wollen Dep. at 306. Wollen testified that "[a]n American consumer reading

this magazine [*Cigar Aficionado* ] and a customer of Dunhill might be confused that this is the General Cigar Cohiba sold in Dunhill, and it isn't." *Id.* at 303. Austin McNamara ("McNamara"), President of General Cigar at the time, testified that advertisement of the Cuban COHIBA in 1994 would "absolutely" cause confusion with consumers in the United States. McNamara Dep. at 135.

### ***General Cigar's Actions Against Third Parties***

General Cigar has brought enforcement actions against third parties who made use of the COHIBA name in conjunction with trade dress used by the Cuban COHIBA. Some of these counterfeit cigars bore a Dominican designation of origin, some bore a Cuban designation of origin, some bore no designation of origin at all; many used elements of the Cuban COHIBA checkerboard, Indian Head and black, white and yellow colors. As was implied by the trade dress, consumers understood these products to be the Cuban COHIBA or affiliated with the Cuban COHIBA, and General Cigar understood this to be the consumer's perception.

From late 1995, counterfeit COHIBAs bearing trade dress used by the Cuban COHIBA became increasingly prevalent in the U.S. market. General Cigar brought enforcement actions against counterfeit COHIBAs in the ground that they were likely to cause confusion.

Many of the counterfeit COHIBAs were manufactured in the Dominican Republic by a company called Monte Cristi de Tabacos. Monte Cristi COHIBAs used trade dress very similar to that used by the Cuban COHIBA. Monte Cristi COHIBAs sometimes, but not always, featured a "Republica Dominica" designation of origin.

On January 31, 1996, General Cigar recorded its COHIBA mark with U.S. Customs, giving Customs the

power to seize Monte Cristi Cohibas and other goods bearing the mark as infringing upon the defendant's mark. At General Cigar's urging, and with its assistance, Customs seized over 35,000 counterfeit Cohibas by May of 1997, most of which mimicked the Cuban Cohiba's trade dress.

In July 1997, General Cigar sent a letter to retailers regarding Monte Cristi Cohibas and other counterfeits. It stated that it had received

numerous complaints about product which has been purchased by unwary consumers who think they are buying a high quality General Cigar or Cuban made Cohiba. Instead, what they have found they have purchased are low grade, inferior quality cigars manufactured for the most part in the Dominican Republic and banded to deceive the uneducated buyer.

PX 1077. General Cigar's COHIBA was unbanded in July 1997. In the letter, General Cigar stated that consumers purchasing counterfeit cigars banded like the Cuban COHIBA were in fact confused among such cigars, Cuban Cohibas and General Cigar Cohibas.

In fall 1997, General Cigar successfully sought a preliminary injunction from this Court against one of Monte Cristi's distributors, Global Direct Marketing. See *General Cigar Co. v. G.D.M., Inc.*, 988 F.Supp. 647, 660 (S.D.N.Y. 1997). General Cigar argued to this Court that all eight *Polaroid* factors favored the issuance of a preliminary injunction, and that confusion was inevitable because "the marks and type of goods are identical, except that G.D.M.'s Cohiba cigars are inferior." PX 649 at GC 005481. Mark Perez of Dunhill testified on behalf of General Cigar that differences between the counterfeit Cuban Cohiba trade dress employed by G.D.M. and Gen-

eral Cigar trade dress would not be sufficient to dispel confusion because, "the name is what people attach to the product, not necessarily the band or the trade dress. The name is the most important thing that drives consumers I believe ." Perez Dep. at 455-56 (acknowledging G.D.M. testimony). The Court found it "extremely likely that confusion will occur between the COHIBA marks used by GDM and General Cigar." *General Cigar*, 988 F.Supp. at 665.

In 1998, General Cigar brought criminal infringement proceedings against various Los Angeles operations selling Cohiba cigars bearing the Cuban Cohiba trade dress. In an affidavit prepared in support of a search warrant, John R. Geoghegan, Vice President for Strategic Planning and Brand Development at General Cigar, stated that consumers are "likely to attribute the inferior quality [of counterfeits] to General Cigar." PX 290.

Also in 1998, General Cigar brought suit, and in November 1999 obtained a consent injunction against a company called Cohiba de Dominica that sold cigars, clothing and other goods bearing the mark COHIBA and using trade dress used by the Cuban COHIBA, some of which bore the designation "La Habana, Cuba."

### ***The 1998 Cambridge Group Presentation***

In 1998, General Cigar retained a market consultant and research firm, The Cambridge Group, which was paid over \$500,000 for its work on a focus group and quantitative research on several General Cigar brands, including COHIBA. The Cambridge Group made a presentation to senior General Cigar management, including Cullman, Jr. on June 15, 1998, in which it projected transparencies of pages from its report, "Building the Premium Cigar Consumer and Brand Factbase—Progress

Update." PX 185. It also provided a hard copy of the report to General Cigar.

One of the report's pages presented at the meeting read as follows:

*Consumer Confusion Over "Different Kinds"  
of Cohiba Is a Major Concern*

Substantial confusion exists over Dominican versus Cuban Cohibas

- > Knowledgeable people tend to look down on Dominican Cohibas as an imitator or a fake
- > Others are simply confused
- "There are two brothers, one who makes Cohiba in Cuba and the other in the Dominican Republic"

Strategically, it appears questionable to invest behind extending our Cohiba brand to new categories while this issue remains.

*Id.* The report contained several other references to consumer confusion, including a summary which states that "[t]here is serious consumer confusion over different types of Cohibas." *Id.* The observations about COHIBA in the report were generated from "focus group qualitative research, based on perhaps six to eight groups of about eight cigar smokers each." Ossip Direct ¶83. General Cigar took no corrective action in response to these findings. General Cigar did not undertake any investigation or additional research to test the accuracy of the findings in The Cambridge Group's report.

A 1998 survey taken by NFO Research, Inc. for The Cambridge Group measured aided awareness of COHIBA at 56%. See PX 181 at NFO 1263.

### *The 2000 Survey*

In late 2000, Ossip conducted a survey designed to measure consumer confusion between the Cuban COHIBA and the General Cigar COHIBA. The report on the study is dated March 2001. Households that participate in an Internet survey panel were sent an e-mail soliciting their participation if any household member over 21 years of age smokes cigars. The participating cigar smokers then accessed a survey questionnaire via the Internet. The survey interviews took place in October and November 2000.

Of 1873 respondents, 962 were identified as cigar smokers who will buy premium cigars, defined for the purposes of this study as cigars priced at \$65 or higher for a box of 25 or \$2.81 per cigar or higher. This level was selected by considering cigar prices for approximately 375 individual cigars for over 80 premium brands shown by *Cigar Insider* magazine in December 1999.

Those respondents that had heard of COHIBA, and who indicated that at least some COHIBA cigars are made in Cuba—30% of respondents—were then shown pictures of a General Cigar COHIBA box, as well as cigars, and were told that they were from “a box of cigars sold by quality retailers in the United States.” Ossip Direct ¶ 116, 126. The respondents were then asked questions to determine if they believed that (a) Cuban COHIBAS and General Cigar COHIBAS were made by the same company; (b) if the two companies have an association or business connection; and (c) if one company received authorization or approval from

the other to use the name COHIBA. About 53% of those respondents indicated source confusion.

Ossip's analysis of the data shows a level of source confusion at

a little above 15% in the gender balanced sample and almost 16% among male smokers. Among all those who have heard of Cohiba, where the potential for trading on the Cohiba name may exist, about 21% are confused.

*Id.* at ¶ 121. Among those likely to buy cigars for \$120 a box (the low end of the price range for General Cigar Cohibas), Ossip estimates the confusion level at 19%, based on the fact that the confusion level for those who had heard of COHIBA is over 24%.

Simonson contends that the 2000 survey shows that aided awareness of the Cuban COHIBA was only 28% because that is the percentage of respondents indicated that they had heard of COHIBA from a list and had listed Cuba as one of the countries where COHIBA cigars are made. Simonson Direct ¶ 81. Simonson criticizes the 2000 survey as a measure of likelihood of confusion because it used "gender balancing," because it did not use a control in order to determine the "noise level" of the survey, and because it used a "side-by-side" methodology that misleadingly asked questions about the Cuban COHIBA and the General Cigar COHIBA by placing them in close proximity to one another, which allegedly did not reflect true marketplace. Def.'s PFF ¶ 166-67.

The gender balancing used in the 2000 survey was employed to reflect the greater tendency of females to respond to surveys, which resulted in their being over-represented in the survey relation to their numbers in the premium cigar buyer population. The survey

results were therefore properly adjusted to reflect the fact that "females would account for about 11% of the premium cigar buyer population." Ossip Direct ¶ 119.

Simonson argues that "a survey designed to estimate likelihood of confusion must include a proper control." Simonson Direct ¶ 79. This categorical statement is made after citing to what Simonson states is the most common type of survey—the "Eveready format," after the case in which the survey was used, *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366 (7th Cir. 1976), *cert. denied*, 429 U.S. 830, 97 S.Ct. 91, 50 L.Ed.2d 94 (1976). The study in that seminal case, however, did not contain a control. *See* Ossip Direct ¶ 160. A control in such a study would be a fictional mark which is "equivalent to the junior mark at issue, without infringing on the senior mark." Simonson Direct ¶ 79. The purpose of a control is to determine to what extent reports of confusion in fact reflect guessing or survey bias. It is difficult to determine from Simonson's criticism exactly how a control could have been helpfully employed in the 2000 survey. Any non-COHIBA word trademark would not serve as an effective control, while a fictional third COHIBA cigar would clearly infringe on the senior mark. The likelihood of confusion shown by the 2000 survey undoubtedly reflects some degree of guessing on the part of the respondents. However, Simonson has not shown that the survey as designed would significantly overstate the actual likelihood of confusion.

Simonson also criticizes the 2000 survey for presenting the two COHIBA brands side-by-side even though the Cuban COHIBA is not sold in the United States. The two brands are not actually shown side by side at any point during the survey. However, Simonson argues that the design of the survey unduly focused the attention of the respondents on the two marks in a manner "they

would not have considered in a normal purchase situation." Ossip Direct ¶ 157 (quoting Simonson Report). Cubatabaco submitted evidence at trial, however, showing that over half of the "heavy users of COHIBA" purchased their cigars on the Internet, Tr. 1357-58, where sales of the Cuban COHIBA and the General Cigar COHIBA are effectively sold side by side, albeit on different websites. In an internet cigar forum run by General Cigar, references by participants to the Cuban COHIBA are hyperlinked to the General Cigar COHIBA, that is, when the word COHIBA is "clicked on," the user is brought to a website advertising the General Cigar COHIBA. See Tr. 1364-69. Further, the numerous implicit references to the Cuban COHIBA in advertising for the General Cigar COHIBA would likely also cause potential consumers to focus their attention on the two marks. Under such marketing conditions, the use of a side-by-side methodology in the 2000 Survey was not misleading.

The 2000 Survey confirms the likelihood of confusion between the COHIBA marks as evidenced by General Cigar's assessments, its 1997 launch and advertising, its actions against the Cubatabaco COHIBA mark and counterfeit marks, and the assessment of the Cambridge Group, as found above.

## **CONCLUSIONS OF LAW**

### ***Jurisdiction and Venue***

This court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a) for claims arising under the Paris Convention for the Protection of Industrial Property, the Inter-American Convention for Trademark and Commercial Protection; under 28 U.S.C. §§ 1331, 1338(a) and 15 U.S.C. § 1121(a) for claims arising out of

alleged violations of Sections 38, 43(a) and (c), and 44(b) and (h) of the Lanham Act, 15 U.S.C. §§ 1120, 1125(a) and (c) and 1126(b) and (h); under 28 U.S.C. §§ 1338(b) and 1367 for claims arising out of the state law of unfair competition, misappropriation and dilution. Venue is proper in this district under 28 U.S.C. § 1391.

***The Article 10bis Claim Is Dismissed As Duplicative***

General Cigar has contended that Count II of the Complaint, which alleges a violation of Section 10bis of the International Convention for the Protection of Industrial Property (the "Paris Convention"), should be dismissed as it does not confer any rights beyond those conferred by the common law. General Cigar cites several cases for the proposition that "trademark protection under [Article 10bis of] the Paris Union Convention gives no greater protection than that already provided by section 43(a) of the Lanham Act." *Scotch Whisky Ass'n v. Majestic Distilling Co.*, 958 F.2d 594, 597 (4th Cir. 1992). *See also Int'l Cafe, S.A.L v. Hard Rock Cafe Int'l (U.S.A.), Inc.*, 252 F.3d 1274, 1278 (11th Cir. 2001) (same).

Cubatabaco cites only one case in which simultaneous claims under the Lanham Act and under foreign treaties, including the Paris Convention, were permitted to go forward. *See Benard Indus. Inc. v. Bayer Aktiengesellschaft*, 38 U.S.P.Q.2d 1422, 1425-26, 1996 WL 218617 (S.D.Fla. Feb.29, 1996) (" . . . it does not appear that Bayer cannot prove any set of facts which would entitle it to relief under the [Paris and Inter-American] Conventions as well as the Lanham Act.").

In the leading case of *Vanity Fair Mills v. T. Eaton Co.*, 234 F.2d 633 (2d Cir. 1956), the Second Circuit held that the Paris Convention

is essentially a compact between the various member countries to accord in their own countries to citizens of the other contracting parties the rights comparable to those accorded their own citizens by their domestic law. The underlying principle is that foreign nationals should be given the same treatment in each of the member countries as that country makes available to its own citizens.

*Id.* at 640. Because a United States citizen could not file a distinct Paris Convention claim alleging unfair competition, neither can Cubatabaco. *See also Piccoli A/S v. Calvin Klein Jeanswear Co.*, 19 F.Supp.2d 157, 172 (S.D.N.Y. 1988) (holding that plaintiff's "Paris Convention claim is duplicative of its Lanham Act claim and thus must be dismissed.").

***The Inter-American Convention Claim is  
Dismissed as Duplicative***

Count IV of the Complaint alleges a violation of the prohibition against unfair competition under Articles 20 and 21 of the General Inter-American Convention for Trade Mark and Commercial Protection, Feb. 20, 1929, 46 Stat. 2907, 2930-34 ("IAC"). General Cigar argues that the IAC does not confer any rights beyond those conferred by the common law. The Second Circuit dismissed a claim under Article 21 of the IAC because the language of Article 21 "authorizes the prohibition of its specified acts of unfair competition 'unless otherwise effectively dealt with under the domestic laws of the Contracting States.'" *Havana Club Holding, S.A. v. Galleon S.A.*, 203 F.3d 116, 134 (2d Cir. 2000). The Second Circuit then found that "because article 21(c) of the IAC prohibits a subset of the conduct already effectively prohibited under American law by Section 43(a)" of the

Lanham Act, the plaintiff had failed to state an Inter-American Convention claim via section 44(h) of the Lanham Act. *Id.* at 135 (quoting Article 20, 46 Stat. at 2932); *see also Empresa III*, 2002 WL 31251005 at \*3 n. 2. Accordingly, Cubatabaco's article 21 claim is dismissed.

Article 20, however, does not contain language relating to whether the conduct it proscribes is already effectively dealt with by domestic law. *See* 46 Stat. at 2930-32. However, Article I of the IAC states the principle behind the Convention as a whole:

The Contracting States bind themselves to grant to the nationals of the other Contracting States and to domiciled foreigners who own a manufacturing or commercial establishment or an agricultural development in any of the States which have ratified or adhered to the present Convention the same rights and remedies which their laws extend to their own nationals or domiciled persons with respect to trade marks, trade names, and the repression of unfair competition and false indications of geographical origin or source.

*Id.* at 2912. The language of Article I establishes that the purpose of the IAC is analogous to that of the Paris Convention, that is, "to accord in their own countries to citizens of the other contracting parties the rights comparable to those accorded their own citizens by their domestic law." *Vanity Fair*, 234 F.2d at 640. Accordingly, the IAC confers no greater rights than are found under domestic law, whether that law is the common law or the Lanham Act. Cubatabaco's Article 21 claim is therefore dismissed.

Cubatabaco argues that this Court's holdings that "Section 44(h) incorporates the substantive provisions of

Articles 20, 21, and 22" and that "Articles 20 and 21 of the IAC . . . have the force of law under Section 44(h)", *Empresa II*, 213 F.Supp.2d at 280 and n. 49, imply that the IAC claims can survive as distinct claims. However, the fact that these provisions of the IAC have the force of law does not imply that they make available forms of relief not already available under domestic law. As the above analysis has shown, they do not.

***The Trademark Infringement Claim Under Section 43(a) of the Lanham Act is Granted***

"The purpose of the trademark laws is to protect the public from the confusion and deception which flows from the copying of marks which, through their distinctiveness or exclusivity of use, identify the origin of the marked products." *W.E. Bassett Co. v. Revlon, Inc.*, 3554 F.2d 868, 871 (2d Cir. 1966) (Lumbard, C.J.). The property right of the plaintiff is important, but it is the perspective of the consumer that must be borne in mind in determining if infringement has occurred. *See 1 McCarthy on Trademarks and Unfair Competition* ("McCarthy") § 2:33 at 2-58 (4th ed.2000)). Accordingly, trademark infringement may be found even when the two parties are not in competition and no harm will necessarily befall the plaintiff as a result of the infringement.

Cubatabaco alleges that General Cigar's conduct with respect to the COHIBA brand constitutes willful trademark infringement and trade dress infringement in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). To prevail on this claim, Cubatabaco must establish both that its mark is entitled to protection and that General Cigar's "use of the mark is likely to cause consumers confusion as to the origin or sponsorship of the defendant's goods." *Virgin Enterprises, Ltd. v.*

*Nawab*, 335 F.3d 141, 146 (2d Cir. 2003) (citing *Gruner & Jahr Publ'g v. Meredith Corp.*, 991 F.2d 1072, 1074 (2d Cir. 1993)). See also *Time, Inc. v. Petersen Publ'g Co. L.L.C.*, 173 F.3d 113, 117 (2d Cir. 1999) (noting that *Gruner* test is applicable to claims brought under §§ 1125(a)).

### ***Cubatabaco Has a Protectable Mark***

The Court has previously held that General Cigar abandoned the COHIBA mark between 1987 and 1992. *Empresa II*, 213 F.Supp.2d at 271. Accordingly, General Cigar's 1981 registration and 1986 incontestability declaration are cancelled. *Id.* Further, the Court rejected General Cigar's argument that Cubatabaco cannot be the owner of the COHIBA mark because it did not register the mark with the USPTO because "one need not have registered the mark to 'own' it." *Id.* at 286.

General Cigar argues that it is the owner of the mark because it was the first to use the mark after it was abandoned. "It is well established that the standard test of ownership is priority of use." *Tactica Int'l, Inc. v. Atlantic Horizon Int'l, Inc.*, 154 F.Supp.2d 586, 599 (S.D.N.Y. 2001) (citing 2 *McCarthy* § 16.1). While Cubatabaco was using the COHIBA mark throughout the world in 1992, it is also well established that "foreign use of a trademark cannot form the basis for establishing priority in the United States." *Id.* (citing *Person's Co. v. Christman*, 900 F.2d 1565, 1568-69 (Fed.Cir. 1990)) ("[F]oreign use has no effect on U.S. commerce and cannot form the basis for a holding that [the foreign user] has priority here."). This principle is known as the territoriality principle.<sup>8</sup> See *Grupò Gigante, S.A. v. Dallo &*

---

<sup>8</sup> The Fourth Circuit has recently called the territoriality principle into question. See *International Bancorp, LLC v. Societe Des Bains De Mer et du Cercle Des Etrangers a Monaco*, 329 F.3d 359

*Co., Inc.*,<sup>1</sup> 119 F.Supp.2d 1083, 1089 (C.D.Cal.2000). Because of the embargo, Cubatabaco could not legally use the COHIBA mark commercially in the United States.

General Cigar's priority of use, however, is not the end of the matter. Under the common-law "well-known" or "famous marks" doctrine, "a party with a well-known mark at the time another party starts to use the mark has priority over the party using the mark." *Empresa II*, 213 F.Supp.2d at 286; *see also* 4 McCarthy at 29:4 (recognizing the doctrine); 3 Rudolf Callman, *The Law of Unfair Competition, Trademarks and Monopolies* (4th ed.) ("Callman") § 20:26 at 20-170-73 (same). The concept of a well-known mark was first recognized in Article 6bis of the Paris Convention. *See* Frederick W. Mostert, *Famous and Well-Known Marks* 7 (1997). Article 6bis states, in relevant part,

---

(4th Cir.2003), *cert. denied*, \_\_\_ U.S. \_\_\_, 124 S.Ct. 1052, 157 L.Ed.2d 891 (2004). The court held that because the term "commerce" in the Lanham Act is coterminous with the conduct that Congress may regulate under the Commerce Clause, and because Congress may regulate transactions by U.S. citizens in foreign countries, the "use in commerce" requirement of the Lanham Act is satisfied by the services offered by a foreign casino operator to citizens of the United States. *Id.* at 365-70. The dissent warned that the decision "threatens to wreak havoc over this country's trademark law" because potential trademark registrants "would be forced to scour the globe to determine when and where American citizens had purchased goods and services from foreign subjects to determine whether there were trademarks involved that might be used against them in a priority contest or in an infringement action in the United States." *Id.* at 388 (Motz, J., dissenting). The Court concurs with *McCarthy*, 29:4 (2003), who "agrees with the result, but disagrees with the legal analysis." Rather than decide the case on the meaning of "use in commerce," *McCarthy* argues, "the case should have been analyzed as an application of the 'famous marks' doctrine."

(1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

It has already been held that "the rights guaranteed by Article 6bis have been subsumed by federal and common law." *Empresa III*, 2002 WL 31251005, at \*4.

The well-known marks doctrine was applied in two frequently cited New York cases: *Vaudable v. Montmartre, Inc.*, 20 Misc.2d 757, 193 N.Y.S.2d 332 (N.Y.Sup.Ct. 1956) and *Maison Prunier v. Prunier's Restaurant & Cafe, Inc.*, 159 Misc. 551, 288 N.Y.S. 529 (N.Y.Sup.Ct.1936). The doctrine has also been recognized in decisions of the Trademark Trial and Appeal Board ("TTAB"). See, e.g., *Mastic Inc. v. Mastic Corp.*, 230 U.S.P.Q. 699, 701 n. 3 (T.T.A.B.1986); *The All England Lawn Tennis Club (Wimbledon) v. Creations Aromatiques, Inc.*, 220 U.S.P.Q. 1069, 1072, 1983 WL 51903 (T.T.A.B.1983); *Techex, Ltd. v. Dvorkovitz*, 220 U.S.P.Q. 81, 83, 1983 WL 51872 (T.T.A.B.1983); *Mother's Restaurants, Inc. v. Mother's Other Kitchen*, 218 U.S.P.Q. 1046, 1048 (T.T.A.B.1983). While decisions of the TTAB are "not binding courts within this Circuit, [they] are nonetheless 'to be accorded great weight.' " *Buti v. Perosa, S.R.L.*, 139 F.3d 98, 105 (2d

Cir. 1998) (quoting *Murphy Door Bed Co. v. Interior Sleep Sys., Inc.*, 874 F.2d 95, 101 (2d Cir. 1989)). The Second Circuit recognized the famous marks exception to the territoriality principle in dicta in *Buti*. See 139 F.3d at 104 n. 2. The district court in *Buti* had considered the famous marks doctrine, although it concluded that the mark in question was insufficiently famous to trigger the doctrine. See *Buti v. Perosa, S.R.L.*, 935 F.Supp. 458, 473-74 (S.D.N.Y. 1996).

***A Secondary Meaning Level of Recognition Is Required For A Mark to be Famous***

This court has held that the relevant question is "whether the Cuban COHIBA was 'so famous that its reputation [was] known in the United States' and thus 'should be legally recognized in the United States.'" *Empresa IL*, 213 F.Supp.2d at 285 (quoting *Grupo Gigante*, 119 F.Supp.2d at 1089). It was not decided, however, what level of renown is required to establish a known reputation.

The available case law does not provide a consistent standard to determine whether a mark is famous within the meaning of the famous marks doctrine. Several TTAB decisions, however, cite the requirement that the mark must be famous "within the meaning of *Vaudable v. Montmartre*." See, e.g., *Mother's Restaurant*, 218 U.S.P.Q. at 1048; *All England Lawn Tennis*, 220 U.S.P.Q. at 1072. See also *Buti*, 139 F.3d at 104 n. 2 (citing the *Vaudable* standard). In *Vaudable*, the owner and operator of Maxim's restaurant in Paris sought to restrain defendants from opening a restaurant in New York City using the same name. See 20 Misc.2d at 758, 193 N.Y.S.2d 332. Its fame is described as follows:

It received wide publicity as the setting of a substantial portion of Lehar's operetta, "The Merry

Widow," has been the subject over a long period of years of numerous newspaper and magazine articles, and has been mentioned by name and filmed in movies and television. There is no doubt as to its unique and eminent position as a restaurant of international fame and prestige. It is, of course, well known in this country, particularly to the class of people residing in the cosmopolitan city of New York who dine out.

*Id.* This level of fame was not, however, required for the court to find that plaintiff's mark entitled to protection. In response to defendant's argument that the name Maxim's had originally become famous as a name of both a "smokeless powder" and a machine gun, the court held that it is not the source of the name that is relevant, but "the origination and development of its use in a particular field which may entitle the user thereof to protection by virtue of the secondary meaning acquired therein." *Id.* at 758-59, 193 N.Y.S.2d 332 (emphasis added). As shown below, a mark which has achieved secondary meaning standard need not have achieved a "unique and eminent position" internationally, or in the United States.

Secondary meaning is a characteristic of descriptive marks, that is, marks that describe the product in some way, rather than of arbitrary or fanciful marks such as COHIBA. Secondary meaning

is used generally to indicate that a mark or dress "has come through use to be uniquely associated with a specific source." *Restatement (Third) of Unfair Competition* § 13, Comment (Tent. Draft No. 2, Mar. 23, 1990). "To establish secondary meaning, a manufacturer must show that, in the minds of the public, the primary significance of a product feature

or term is to identify the source of the product rather than the product itself."

*Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 766 n. 4, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992) (quoting *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 851, n. 11, 102 S.Ct. 2182, 2187, n. 11, 72 L.Ed.2d 606 (1982)). The secondary meaning standard can, however, be applied by analogy to distinctive marks such as COHIBA because some of the measures of secondary meaning can be appropriately applied to descriptive and distinctive marks. District courts considering the degree of fame needed to satisfy the famous marks doctrine have used a secondary meaning standard. See *Grupo Gigante*, 119 F.Supp.2d at 1091; *Buti*, 935 F.Supp. at 473-74 (because defendant failed to offer admissible evidence of "any secondary meaning of its [trademark] in the United States . . . the Court cannot find the *Vaudable* exception applicable here.").

While Cubatabaco agrees that the secondary meaning inquiry may be partially analogous to the question of the level of fame needed to establish that a mark is protectable under the famous marks doctrine, it argues that less renown should be required under the famous marks doctrine because the secondary meaning standard is applied to restrict the use of a descriptive term that other producers would have a legitimate reason to use. In the case of a distinctive mark such as COHIBA, by contrast, no other producer would have a legitimate reason to use the mark. While Cubatabaco raises a cogent distinction, it fails to mention, however, that the secondary meaning standard is applied in the domestic context and the famous marks doctrine is applied internationally. Because the famous marks doctrine carves out an exception to the well settled territoriality principle, and may result in the cancellation of a trademark by the domestic

registrant even though the foreign user neither filed its own registration nor contested the domestic user's registration, there is no justification for requiring less renown than the secondary meaning standard.

General Cigar argues that the appropriate standard is the statutory standard for fame contained in the Federal Trademark Anti-Dilution Act ("FTDA"), 15 U.S.C. 1125(c). The FTDA protects only those marks that have shown "a substantial degree of fame." *TCPIP Holding Co. v. Haar Communications Inc.*, 244 F.3d 88, 99 (2d Cir. 2001). The legislative report on the FTDA used as examples "Dupont, Buick, and Kodak . . . marks that for the major part of the century have been household words throughout the United States." *Id.* (citing H.R.Rep. No. 104-374, at 3 (1995)). While a legislative report is not dispositive as to the standard of fame required, the Second Circuit found it improbable that Congress intended to confer anti-dilution protection on "marks that have enjoyed only brief fame in a small part of the country, or among a small segment of the population . . ." *Id.* As shown below, in November 1992 the COHIBA mark could not meet the standard for fame under the FTDA.

General Cigar makes no argument for why the standard for anti-dilution actions should be applicable in the context of the famous marks doctrine, except for the empirical observation that "[t]he FTDA standard for fame is consistent with cases analyzing fame under the well-known marks doctrine." Def.'s Post-Trial Mem. at 17. Each of the cases cited by General Cigar draw on the *Vaudable* standard which, as shown above, requires a showing of secondary meaning and not a "substantial degree of fame."

There are a number of reasons why the FTDA standard is inappropriate in the context of the famous marks doctrine. As noted in the leading treatise on trademarks,

"[t]he international 'famous marks' doctrine developed outside the United States and addresses an issue of trademark protection that is significantly different from that of dilution." 4 *McCarthy*, § 24:92 at 24-166 n.1. The primary purpose of the FTDA is to protect marks with regard to use on dissimilar goods. See H.R.Rep. No. 104-374, at 3, reprinted in 1995 U.S.C.C.A.N. 1029, 1030 ("Thus for example, the use of DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable under [the FTDA]."). The protection available under the FTDA is much greater. "It permits the owner of a qualified, famous mark to enjoin junior uses throughout commerce, regardless of the absence of competition or confusion." *TCPIP*, 244 F.3d at 95 (citing 15 U.S.C. § 1127). Accordingly, "the standard for fame and distinctiveness required to obtain anti-dilution protection is more rigorous than that required to seek infringement protection." *Id.* (quoting *I.P. Lund Trading v. Kohler Co.*, 163 F.3d 27, 47 (1st Cir. 1998)).

Leading commentators have suggested standards that are comparable to the secondary meaning standard used in *Vaudable* and *Grupo Gigante*. *McCarthy* argues that

If a mark used only on products and services sold abroad is so famous that its reputation is known in the United States, then that mark should be legally recognized in the United States. If a junior user were to use a mark in the United States that is confusingly similar to the foreign famous mark, then there would, by definition, be a likelihood of confusion among United States customers.

4 *McCarthy*, § 29:4 at 29-10. Further commentary strongly suggest that the "known reputation" standard for fame is significantly lower than the FTDA's. In reference to the *Vaudable* case, *McCarthy* states that the

famous mark rule may be interpreted "as not constituting an exception to the general rule at all, since it could be said that the foreign service business had already established priority in the United States through advertising and reputation prior to the defendant's opening." *Id.* The footnote to this sentence cites to another section of the treatise that discusses the *Tea Rose-Rectanus* doctrine. Under the doctrine, "priority of use of a mark in one area of the United States does not give rights to prevent its use by a good faith and innocent user in a remote geographic area." *Grupo Gigante*, 119 F.Supp.2d at 1090 (citing *McCarthy* § 26:2). There is an exception, however, "when a senior user located in one area of the United States has achieved an appreciable level of fame in the junior user's trading area." *Id.*

While *McCarthy* states that the *Tea Rose-Rectanus* doctrine does not apply outside the United States, see § 26:5 at 26-12, the citation to the doctrine in the discussion of the famous marks doctrine suggests that the *Tea Rose-Rectanus* doctrine may provide guidance in applying the famous marks doctrine. See *Grupo Gigante*, 119 F.Supp.2d at 1090 (finding the *Tea Rose-Rectanus* doctrine "helpful in delineating the famous mark doctrine."). The *Grupo Gigante* court drew on the doctrine for the purpose of restricting the fame of the mark at issue to the geographical area of the United States where the plaintiffs sought protection. *Id.* at 1090-91. That aspect of the doctrine is not relevant in the instant case because premium cigar smokers are spread throughout the United States. Instead, the reference to the *Tea Rose-Rectanus* doctrine in *McCarthy*'s discussion of the famous marks doctrine suggests that Cubatabaco need only show that the COHIBA mark had a "known reputation" to premium cigar smokers in November 1992.

This standard is consistent with the secondary meaning standard from *Vaudable*, discussed above.

***Factors To Be Assessed In Determining COHIBA's Fame in November 1992***

The same factors which are used in the caselaw in determining whether a trademark has established a secondary meaning will obviously be critical in determining whether COHIBA was famous within the meaning of the famous marks doctrine. However, other factors have also been suggested in an international document which has been endorsed by the United States. The Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks (the "Joint Recommendation") has been adopted by both intergovernmental bodies concerned with trademark protection: the General Assembly of the World Intellectual Property Organization ("WIPO") and the Assembly of the Paris Union.<sup>9</sup> It identifies factors relevant to determining whether a mark is well-known:

**Determination of Whether a Mark is a Well-Known Mark in a Member State**

**(1) [Factors for Consideration]**

- (a) In determining whether a mark is a well-known mark, the competent authority shall take into account any circumstances from which it may be inferred that the mark is well known.
- (b) In particular, the competent authority shall consider information submitted to it with

---

<sup>9</sup> The Assembly of the Paris Union is the group of nations that are signatories to the Paris Convention. See Paris Convention art. 1(1). It includes both Cuba and the United States.

respect to factors from which it may be inferred that the mark is, or is not, well known, including, but not limited to, information concerning the following:

1. the degree of knowledge or recognition of the mark in the relevant sector of the public;
2. the duration, extent and geographical area of any use of the mark;
3. the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
4. the duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;
5. the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;
6. the value associated with the mark.

(c) The above factors, which are guidelines to assist the competent authority to determine whether the mark is a well-known mark, are not pre-conditions for reaching that determination. Rather, the determination in each case will depend upon the particular circumstances of that case. In some cases all of the factors may

be relevant. In other cases some of the factors may be relevant. In still other cases none of the factors may be relevant, and the decision may be based on additional factors that are not listed in subparagraph (b), above. Such additional factors may be relevant, alone, or in combination with one or more of the factors listed in subparagraph (b), above.

The WIPO factors do not provide guidance as to what level of fame is required to find that a mark is well-known. However, they do suggest that the inquiry into fame must be wide-ranging, taking into account any available relevant evidence.

The factors to be considered in determining secondary meaning in this Circuit are similarly wide-ranging. They include "(1) advertising expenditures, (2) consumer studies linking the mark to a source, (3) unsolicited media coverage of the product, (4) sales success, (5) attempts to plagiarize the mark, and, (6) length and exclusivity of the mark's use." *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 143 (2d Cir. 1997) (quoting *Centaur Communications, Ltd. v. A/S/M Communications, Inc.*, 830 F.2d 1217, 1221 (2d Cir. 1987)).

Factors relating to advertising and sales will be of minimal relevance because of the inability to sell Cuban COHIBA cigars. The sixth factor is also not relevant to the instant litigation, as it has been previously determined that the COHIBA mark was in the public domain in November 1992 following General Cigar's abandonment of the mark. Accordingly, the determination of whether the fame of the COHIBA mark is equivalent to the secondary meaning standard for recognition will rest largely, but not exclusively, on the three remaining factors.

### 1. *Consumer Studies*

Evidence from consumer surveys rarely provides the sole evidence of secondary meaning. See 5 *McCarthy*, § 32:190 at 32-315 ("survey data is not a requirement, and secondary meaning can be, and often is, proven by circumstantial evidence.") A survey of the caselaw, then, cannot provide a magic number above which secondary meaning may be established. Further, different surveys are taken in different contexts, with different questions and measurement techniques. Nevertheless, they provide a rough estimate of the level of recognition required.

In *Grupo Gigante*, the court dismissed the probative-ness of two of the three pieces of evidence put forward by plaintiffs in showing the renown of their foreign mark, leaving only a survey conducted one year prior to defendant's use of the mark. See *Grupo Gigante*, 119 F.Supp.2d at 1092-93. Upon a showing that 20-22% of the relevant public was aware of plaintiff's mark, the court found that the secondary meaning standard was met, and that plaintiff's mark was protectable. *Id.* The court made this determination by drawing on caselaw on likelihood of confusion, after citing the argument from *McCarthy* that "there is no logical reason to require [a] higher percentage to prove secondary meaning than to prove likelihood of confusion." *Id.* (citing 5 *McCarthy*, § 32:190).

In the Second Circuit, survey data showing 50% or greater recognition has generally been required to establish secondary meaning. See *Harlequin Enters. Ltd. v. Gulf & Western Corp.*, 644 F.2d 946, 950 n. 2 (2d Cir. 1981) (50% recognition of publisher's name properly found probative but "not conclusive" of secondary meaning); *RJR Foods, Inc. v. White Rock Corp.*, 201 U.S.P.Q. 578, 581 (S.D.N.Y. 1978) (66% recognition supported finding of secondary meaning), *aff'd* 603 F.2d

1058 (2d Cir. 1981); *Essie Cosmetics, Ltd. v. Dae Do Int'l, Ltd.*, 808 F.Supp. 952, 955, 960 (S.D.N.Y. 1992) (65% recognition provided "ample evidence" that trade dress had acquired secondary meaning). General Cigar cites *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F.Supp. 670, 689-90 (S.D.N.Y. 1963) for the proposition that 25% recognition is insufficient to establish secondary meaning. However, the court did not treat the 25% survey figure as indicative of the actual level of awareness because the survey was taken three years after the relevant date, and because the survey also showed that nearly as many respondents identified the trade dress with another producer. General Cigar also cites the testimony of Cubatabaco's expert, Ossip, to the effect that 50% awareness is required to find a trademark well-known. While Ossip's expertise in brand recognition is noted by the Court, his opinions as to legal standards carry no weight.

General Cigar has not argued that the promotion of its COHIBA mark from 1981-1987 would have resulted in any residual fame of the COHIBA mark in November 1992. Indeed, General Cigar's position is that the mark was virtually unknown at that time. Accordingly, any consumer studies which may be useful for determining the November 1992 level of fame would be measuring the level of fame of the Cuban COHIBA.

The absence of any consumer studies from the relevant period necessitates making inferences from surveys conducted both beforehand and afterward. The Shanken Survey, conducted in December 1991, shows a low level of trial awareness of COHIBA. COHIBA is mentioned by only 1.1% of respondents when asked about the brand of cigar normally smoked. The most impressive result is the 6% of respondents who spend more than \$3.50 per

cigar who named COHIBA as the finest cigar they had smoked.

The Shanken Survey is deeply flawed, however, for it takes no measure of either unaided or aided awareness, and focuses only on those cigars actually smoked. Given the extraordinary difficulty of obtaining a Cuban COHIBA, the results are entitled to little weight. The survey also underestimates the renown of the mark in November 1992 because it was taken before the considerable publicity that COHIBA received around the time of the premiere issue of *Cigar Aficionado*.

The next survey was not reported until September 1994, although it likely was administered somewhat earlier. That survey reported an unaided awareness figure of 14.5% for COHIBA, and a trial awareness of 18.5%. Unfortunately, aided awareness was not tested. Cubatabaco's expert, Ossip, has used the average differential between unaided and aided awareness for other brands to estimate that COHIBA's aided awareness should be approximately 48-52% greater than the unaided awareness figures. General Cigar's expert, Simonson, counters with the *reductio ad absurdum* argument that an entirely unknown brand, with 0% unaided awareness, would still score at least 48% aided awareness. Simonson is unpersuasive on this point, however, because Ossip has compared COHIBA to the other brands surveyed using a number of methods which demonstrate that COHIBA is not an outlier brand whose aided awareness figures should be expected to differ significantly from the others. Although it is impossible to determine a particular figure from the data presented, Ossip has shown persuasively that COHIBA's aided awareness in September 1994 is significantly higher than its 14.5% unaided awareness for that period.

It is also impossible, from survey evidence alone, to determine whether COHIBA's level of renown is closer to the September 1994 survey or the December 1991 survey. Other evidence is required to determine this question.

## 2. *Unsolicited Media Coverage*

With the exception of the coverage related to the launch of *Cigar Aficionado*, the 46 articles mentioning COHIBA between 1986 and 1992 are minimally probative of the level of recognition of the mark in November 1992. Because the relevant public is the premium or super-premium cigar smoker, which numbered approximately half a million in 1992, mentions of the product in general circulation publications would not be expected. Mentions of COHIBA during this period, however, are quite favorable, referring to the cigar either as Fidel Castro's preferred brand (until he quit smoking), or as the best of the Cuban cigars.

The coverage of COHIBA in first *The Wine Spectator* and then *Cigar Aficionado* cannot be considered entirely unsolicited, given the cozy relationship that has been described between Cubatabaco's marketing department and the editorial staff of *Cigar Aficionado*, which shares editorial staff with its sister publication. However, even if the COHIBA-related articles published in both magazines are "puff pieces," they have undeniably generated positive publicity for the brand. The Cuban COHIBA received the strongest possible endorsement in the premiere issue of *Cigar Aficionado*. Praise for COHIBA in the premiere issue also spilled over into magazines with wider circulation, such as *Forbes*, *Newsweek*, and the *Dallas Morning News*.

Cubatabaco argues that the circulation figures of *Cigar Aficionado* demonstrate that 25% of the premium

cigar smokers in the United States were aware of COHIBA because of the premiere issue. Such an inference is not warranted given that some issues may have been received by those who do not smoke cigars, and the issue may have been unread by others. Cubatabaco also argues that a premiere issue of a magazine would have strong "pass-along" readership. While the publication and distribution of the premiere issue, by itself is not sufficient to establish a 25% awareness of the COHIBA brand, it is undoubtedly probative evidence that awareness increased significantly from the time when the Shanken Survey was administered.

### 3. *Attempts to Plagiarize the Mark*

General Cigar argues that because Cubatabaco did not have a protectable mark in 1992, any evidence of copying cannot be used to establish secondary meaning. It is true that "[p]roof of intentional copying, by itself, does not trigger any presumption of secondary meaning under Second Circuit precedent." *Kaufman & Fisher Wish, Ltd. v. F.A.O. Schwarz*, 184 F.Supp.2d 311, 319 (S.D.N.Y. 2001). General Cigar urges an even stronger holding, namely that intentional copying is irrelevant if the trademark is not protectable. See *Ergotron, Inc. v. Hergo Ergonomic Support Systems, Inc.*, No. 94 Civ. 2732, 1996 WL 143903, at (S.D.N.Y. 1996). However, *Ergotron* found evidence of copying irrelevant because the trade dress in question was not distinctive and because the defendant believed it was copying only functional features. *Id.* Because COHIBA is a distinctive mark, evidence of copying may be probative.

Also inapposite is *Person's Co. v. Christman*, 900 F.2d 1565, 1570 (Fed.Cir. 1990), in which the court found that deliberate copying of a foreign trademark did not establish bad faith on the defendant's part. The bad faith

inquiry is distinct from an inquiry into fame or secondary meaning, and the *Person's* court had already established that the plaintiff's company "had no goodwill and the 'PERSON'S' mark had no reputation here." *Id.* at 1569-70. The Second Circuit has held that "imitative intent can help support a finding of secondary meaning." *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1042 (2d Cir. 1992). Accordingly, General Cigar's intentions, as well as its statements made at the time it was reintroducing the mark, will be considered as evidence of secondary meaning.

Because General Cigar had abandoned the COHIBA mark in 1992, *see Empresa II*, 213 F.Supp.2d at 271, the decision to use the name again in 1992, by itself, provides strong evidence of intentional copying. General Cigar argues that it used the COHIBA name at least in part because Cubatabaco, through Garrido, acknowledged that it did not own the U.S. rights to COHIBA. Even if Garrido had said something to that effect, it would not demonstrate that General Cigar was not plagiarizing the COHIBA mark for purposes of the secondary meaning inquiry, in view of the facts found above to the contrary.

Beyond the evidence of fame provided by the mere fact of the adoption of the COHIBA name, there is further evidence that the decision to reintroduce the COHIBA brand was connected with the fame of the COHIBA mark. General Cigar made the decision in part to capitalize on the success of the Cuban COHIBA brand and especially the good ratings and the notoriety that it had received in *Cigar Aficionado*. According to General Cigar, the choice of the COHIBA name reflected not the fact that the brand was famous in November 1992, but that the brand would grown in prominence as a result of

the publicity and the high rankings it was given in *Cigar Aficionado*.

Contemporaneous statements from General Cigar, however, demonstrate that it regarded the brand as well-known at that time. The January 14, 1993 memo from Milstein to General Cigar executives states that the rationale for seeking permission from Cubatabaco to use the COHIBA trade dress is "[t]o aid GC in successfully repositioning and relaunching its Cohiba brand cigar, it would be useful to exploit the popularity, familiarity, brand recognition and overall success of the Cuban Cohiba." PX 1084. General Cigar argues that this referred to the success of the brand outside the U.S., and that in any case the memo reflected talking points to be used with Cubatabaco, and was therefore designed to be flattering. While the context of the memo diminishes its probativeness as an indicator of fame, it is not true, as General Cigar argues, that it shows only "that the Cuban COHIBA was prominent in the minds of General Cigar executives." Def.'s Mem. at 10. It is unlikely that General Cigar based its exploitation strategy on such an extremely constricted sense of popularity, familiarity and brand recognition.

The strategy document "Marketing the Cohiba Cigar," PX 966, prepared either by McCaffery, Ratner, or General Cigar, similarly describes COHIBA as "the magic word in the cigar industry," and as having "a high recognition factor here in the U.S. despite the fact that it cannot be purchased in the country." *Id.* General Cigar argues that the document was written by someone with little knowledge of the cigar industry, and that it was created at a time when General Cigar's management were heavily focused on the Cuban COHIBA and the ratings it had received in *Cigar Aficionado*. As with the Milstein memo, these circumstances diminish the import

given to the claims made about the fame of the COHIBA. However, because McCaffery, Ratner and General Cigar would have no reason to misrepresent the fame of the Cuban COHIBA in these documents, they provide an important perspective on the renown of the Cuban COHIBA to premium cigar smokers in late 1992.

In March 1994, a buyer for Dunhill described the General Cigar COHIBA as selling "very well simply because of the strength of the [Cuban COHIBA] name." PX 899. The buyer also described the Cuban COHIBA as "the most legendary cigars in the U.S. market where they cannot legally be purchased." *Id.* While the fact that Dunhill was the exclusive retailer for the General Cigar COHIBA may lead to some exaggeration, the remainder of the letter does not uniformly praise every cigar brand. Its assessment of the fame of the brand in March 1994 and, implicitly, some time before that, is entitled to some weight.

Advertisements by Dunhill of the General Cigar COHIBA at time refer to its Cuban counterpart as the "Cuban legend," PX 335, and "this celebrated range of Cuban origin." PX 1153. More than any internal document, a public advertisement is likely to overstate the prestige and recognition of the brand with which it attempts to create an association. However, the COHIBA name must resonate with premium cigar smokers in order for such an advertising strategy to be effective.

In light of the credible evidence presented by Cubatabaco of the level of renown of the COHIBA name in November 1992, it is concluded that the COHIBA trademark achieved a level of fame consistent with secondary meaning as described in *Vaudable* and other cases. The COHIBA mark is therefore famous within the meaning of the famous marks doctrine, and it is con-

cluded that Cubatabaco had a legally protectable right to the mark at that time.

***A Likelihood of Confusion Exists Between the Cuban COHIBA and the General Cigar COHIBA***

In *Empresa II*, this Court held that, for the purposes of Cubatabaco's motion to dismiss General Cigar's equitable defenses, "Cubatabaco's claim of likelihood of confusion is . . . not brought into reasonable doubt." 213 F.Supp.2d at 275 (internal quotations omitted). Both parties have submitted further evidence to show that there is, or is not, a likelihood of confusion. After considering those submissions, at trial and afterward, it is concluded that the evidence supports the prior ruling that there is a likelihood of confusion between the Cuban COHIBA and the General Cigar COHIBA.

The standard test for confusion in this Circuit is laid out in *Polaroid Corp. v. Polarad Elec. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961). The factors are: (1) the strength of the plaintiff's mark; (2) the similarity of the plaintiff's and defendant's marks; (3) the comparative proximity of the services; (4) the likelihood that plaintiff will "bridge the gap" and offer a service like defendants; (5) actual confusion; (6) good faith on the defendant's part; (7) the quality of the defendant's service; and (8) the sophistication of the buyers. See also *Estee Lauder, Inc. v. The Gap, Inc.*, 108 F.3d 1503, 1510 (2d Cir. 1997); *Empresa II*, 213 F.Supp.2d at 274. The *Polaroid* factors are "not dispositive, and additional factors may be considered or initial factors abandoned." *Gruner & Jahr USA Publ'g v. Meredith Corp.*, 991 F.2d 1072, 1077 (2d Cir. 1993).

General Cigar acknowledges that if the Cuban COHIBA were currently available in the U.S., the fact that both products have the same name and both are

cigars would, as a practical matter, "end the inquiry under the *Polaroid* test." Def.'s Post-Trial Mem. at 46 n.24. It argues, however, that the embargo against Cuban goods casts the analysis in an entirely different light. Because the embargo has been in place for four decades, General Cigar argues, consumers are highly aware that cigars sold in the U.S. are not made in Cuba and contain no Cuban tobacco.

The embargo significantly changes the *Polaroid* analysis. When two marks are identical and are used for the same product in the same market, consumer confusion is "inevitable." *Empresa II*, 213 F.Supp.2d at 274 (collecting cases). The unavailability of the Cuban COHIBA makes the issue of confusion a closer call. In addition, not all forms of consumer confusion are relevant in the context of a trademark infringement action. "[T]rademark infringement protects only against mistaken purchasing decisions and not against confusion generally." *Lang v. Retirement Living Publishing Co.*, 949 F.2d 576, 583 (2d Cir. 1991). General Cigar argues that, to the extent that consumers may have mistaken impressions about past or present relations between the Cuban COHIBA and the General Cigar COHIBA, such confusion is unrelated to purchasing decisions.

In particular, General Cigar argues that "[a] consumer who mistakenly believes that the maker of the General Cigar COHIBA had once been affiliated with the maker of the Cuban COHIBA does not buy it under the misapprehension that it is produced or sponsored by Cubatabaco." Def.'s Post-Trial Reply Brief at 33. General Cigar provides no support for this proposition. As previously noted by this Court, "the embargo does not prevent a Cubatabaco-sponsored cigar from being sold in the United States under similar circumstances." *Empresa II*, 213 F.Supp.2d at 275 (citing 31 C.F.R. §§ 515.204;

515.302-303); *see also Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204-05 (2d Cir. 1979) ("The public's belief that the mark's owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement.").

In order for confusion between the two brands to be relevant in the present litigation, there must be a significant risk that the consumer will make a purchasing decision based not on the goodwill or reputed quality of the General Cigar COHIBA but on the mistaken association with the Cuban COHIBA, a brand with a reputation as being one of the best cigars in the world. *See e.g., El Greco Leather Prods. Co. v. Shoe World, Inc.*, 806 F.2d 392, 395 (2d Cir. 1986) ("One of the most valuable and important protections afforded by the Lanham Act is the right to control the quality of the good manufactured and sold under the holder's trademark."); 1 *McCarthy*, § 3-2 at 3-3 (among the functions which trademarks perform is "[t]o signify that all goods bearing the trademark are of an equal level of quality."). While it is true that a misapprehension as to historical lineage does not, by itself, necessarily imply that the consumer will believe that the quality of the Cuban COHIBA is imparted to the General Cigar COHIBA, such confusion is certainly possible. In examining the likelihood of confusion under the *Polaroid* factors, that possibility must be considered.

### 1. *Strength of Plaintiff's Mark*

The strength of a trademark encompasses both the mark's inherent distinctiveness, or its arbitrariness in relation to the product for which it is used, and its "acquired distinctiveness," or "the extent to which prominent use of the mark in commerce has resulted in a high degree of consumer recognition." *Virgin Enterprises Ltd. v. Nawab*, 335 F.3d 141, 147 (2d Cir. 2003).

Cubatabaco's COHIBA mark is arbitrary or fanciful for use on cigars. *See General Cigar Co. v. G.D.M., Inc.*, 988 F.Supp. 647, 660 (S.D.N.Y. 1997) ("It seems doubtful that prospective purchasers of COHIBA cigars . . . would make the association between the mark and the word in a language spoken by the indigenous population of the Dominican Republic."). Further, the Cuban COHIBA also has significant acquired distinctiveness. The findings above detail the fame of the mark in November 1992. By the time of the introduction of the super-premium COHIBA by General Cigar in 1997, as Cullman, Jr. testified, "the Cuban Cohiba was certainly well-known." Tr. 1103. The strength of Cubatabaco's COHIBA mark weighs toward a likelihood of confusion.

## 2. *Similarity Between the Two Marks*

Because Cubatabaco has alleged infringement only of the COHIBA word mark, the fact that the two marks are identical also weighs toward a likelihood of confusion. Further weighing toward confusion is the testimony of Mark Perez, a buyer for Dunhill, who acknowledged the statement he had made in previous litigation by General Cigar with respect to infringement of the COHIBA mark by a company selling cigars in the U.S., that "the name is what people attach to the product, not necessarily the band or the trade dress. The name is the most important thing that drives consumers I believe ." Perez Dep. at 455-56. *See also Cullman Ventures, Inc. v. Columbian Art Works, Inc.*, 717 F.Supp. 96, 128 (S.D.N.Y. 1989) ("As courts have long recognized, consumers ask for a product by its name, not its logo.").

### 3. *The Proximity of the Products*

The fact that both Cubatabaco and General Cigar both produce COHIBA cigars clearly weighs in favor of confusion. *See id.* at 127 ("the products are more than confusingly similar—they are identical—and thus consumer confusion is inevitable") (citing *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47-48 (2d Cir. 1978)). However, because the two products do not compete with each other in the U.S. limits the proximity under this factor. But the competitive limitation is not sufficient to weigh against a likelihood of confusion, or even to neutralize the factor. The relevant consideration is whether the proximity of the products in the mind of the consumer will lead that consumer to make a purchasing decision based on that proximity. Consumer confusion is not limited to the belief that Cubatabaco or the Cuban government controls the content of the General Cigar COHIBA. An imagined informal present or past arrangement may, nevertheless, suggest to the consumer that the quality of the Cuban COHIBA is to be found in the General Cigar COHIBA.

Advertisements for the General Cigar COHIBA from 1992 to the present imply that the quality of the Cuban COHIBA will carry over to the General Cigar COHIBA. A pre-1997 Dunhill catalog advertised the General Cigar COHIBA as the "[r]ightful heir to the Cuban legend." PX 335, while JR Cigars, which holds over a third of the retail premium cigar market, described it as "a flavorful Dominican version of this classic Cuban cigar." PX 276. Cubatabaco has produced evidence of numerous other similarly misleading advertisements. "The way that a challenged mark is used in advertising is highly probative of whether it is likely to cause confusion." *McCarthy*, § 23:58; *see also Sports Authority*, 89 F.3d at 962-63 (considering use of marks in advertising).

General Cigar's actions against the Cuban COHIBA and against third parties using the COHIBA name also provide evidence that the trade dress of the Cuban COHIBA, and even a Cuban designation of origin, is not sufficient to differentiate the products. The possibility of confusion between General Cigar COHIBAs and cigars with no designation of origin or a Dominican designation are not relevant to the proximity analysis. However, General Cigar has taken as well as threatened legal action against several parties using the COHIBA name in the United States, even though many of the products of which General Cigar complained bore the designation "La Habana, Cuba." General Cigar has made no distinction between the origins of designation on the products, contending that they all infringe on General Cigar's trademark. General Cigar's in-house counsel also testified that advertising for the Cuban COHIBA in *Cigar Aficionado* in 1992 and 1993 might lead a consumer to "be confused that this is the General Cigar COHIBA sold in Dunhill, and it isn't." Wollen Dep. at 303.

General Cigar argues that the "red dot" in the "O" in COHIBA will serve to dispel confusion, as will tobaccoists who encounter confused consumers. These minimal measures are insufficient to counteract the proximity that is created by the use of the same brand name on the same product. Accordingly, this factor weighs toward likelihood of confusion.

#### **4. *Likelihood that Plaintiff Will "Bridge the Gap"***

Cubatabaco argues that because the parties already offer the same product, "there is no gap to be bridged." *Banff v. Federated Dept. Stores, Inc.*, 841 F.2d 486, 492 (2d Cir. 1988). Such an argument ignores the effect of the embargo, which currently prevents Cubatabaco from

offering a product like the defendant's in the U.S. market.

In *Empresa II*, it was held that "[t]he likelihood of Cubatabaco 'bridging the gap' and entering the U.S. cigar market is dependent upon whether the political tide will shift to bring an end to the Cuban embargo." 213 F.Supp.2d at 275. At that time, it was projected that "the end of the embargo appears more likely now than in the past." *Id.* Cubatabaco has provided indirect evidence of the eventual end of the embargo in the form of the substantial numbers of registrations by U.S. corporations of their trademarks in Cuba. See PX 1099, 1115 (listing trademarks registered in Cuba). Cubatabaco argues that such registrations show that these corporations consider the prospects for future trade with Cuba to be significant.

The relevant consideration for this factor, however, is not when the embargo will end but whether Cubatabaco will enter the U.S. market once the embargo has ended. See *Katz v. Modiri*, 283 F.Supp.2d 883, 896 (S.D.N.Y. 2003) ("If a trademark owner intends to enter the same market as the defendant, 'such a showing is indicative of future likelihood of confusion as to source.'") (quoting *Jordache Enterprises, Inc. v. Levi Strauss & Co.*, 841 F.Supp. 506, 517 (S.D.N.Y. 1993)). It was held previously that in the event the embargo is lifted, "Cubatabaco will almost definitely bridge the gap," *Empresa II*, 213 F.Supp.2d at 275, and the above findings of fact after the trial confirm that conclusion. Accordingly, this factor weighs towards likelihood of confusion.

### 5. Actual Confusion

"Actual confusion is defined as the likelihood of consumer confusion that enables a seller to pass off his

goods as the goods of another." *1-800 Contacts, Inc. v. WhenU.com*, No. 02 Civ. 8043, 2003 WL 22999270, at (S.D.N.Y. Dec.22, 2003) (citing *W.W.W. Pharm. Co., Inc. v. Gillette Co.*, 984 F.2d 567, 574 (2d Cir. 1993)). However, "it is black letter law that actual confusion need not be shown to prevail under the Lanham Act, since actual confusion is very difficult to prove and the Act requires only a likelihood of confusion as to source." *Id.* (quoting *Lois Sportswear, Inc. v. Levi, Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986)).

Cubatabaco has presented several instances of anecdotal actual confusion. The 1998 Cambridge Group report, based on focus groups and not on statistically significant surveys, found that there was "serious consumer confusion" between the Cuban and Dominican COHIBAs. It cited one focus group participant, who believed that there were "two brothers, one who makes COHIBA in Cuba and the other in the Dominican Republic."

The 2000 survey conducted by Cubatabaco's expert also demonstrated a significant degree of confusion among consumers: among those who had heard of COHIBA, approximately 21% were confused as to the source of the products, and approximately 15% of all premium cigar consumers were confused. Comments from the respondents indicate that some believed that COHIBA was a parallel brand which was expropriated by Castro, where the original makers then immigrated to the Dominican Republic and produced cigars there.

"Proof of actual confusion, in the form of market research survey evidence, is highly probative of the likelihood of consumer confusion, 'subject to the condition that the survey must . . . have been fairly prepared and its results directed to the relevant issues.'" *1-800 Contacts*, 2003 WL 22999270, at \* 23 (quoting *Schieffelin &*

*Co. v. Jack Co. of Boca, Inc.*, 850 F.Supp. 232, 245 (S.D.N.Y. 1994)). General Cigar's expert, Simonson, argues that the survey is flawed because Ossip used "gender balancing" to compensate for the disproportionate response to the survey by female cigar smokers. However, gender balancing is appropriate to model the results on the actual premium cigar population. Simonson also claims that Ossip misleadingly showed the two cigar brands side by side. Such an approach is not inaccurate: at trial, Cubatabaco showed Simonson examples of internet advertising that depicted or described the two brands side by side, as in the survey, and he acknowledged that such advertisements followed the approach of the survey. Tr. 1160-1163.

Figures comparable to those in the 2000 survey have been found probative of a likelihood of confusion. See *RJR Foods*, 603 F.2d at 1061 (finding "evidence from two witnesses who were actually confused . . . together with the results of a consumer study showing a fifteen to twenty percent rate of product confusion" probative of actual confusion). General Cigar cites *Girl Scouts of U.S. of America v. Bantam Doubleday Dell Pub. Group*, 808 F.Supp. 1112, 1128 (S.D.N.Y. 1992), which found a survey showing 12.6% confusion between the Girl Scouts and a book series bearing the title "Pee Wee Scouts" insufficient to demonstrate actual confusion. The *Girl Scouts* court, however, used a more stringent standard for actual confusion in light of the First Amendment concerns implicated in restricting artistic expression. It interpreted the survey evidence as the Second Circuit did in *Rogers v. Grimaldi*, 875 F.2d 994, 1000 (2d Cir. 1989), in which it was held that courts "need not interpret the Act to require that authors select titles that unambiguously describe what the work is about nor to preclude them from using titles that are only

suggestive of some topics that the work is not about." The standards for actual confusion with respect to book titles are therefore of little relevance in assessing confusion between cigar brands.

Cubatabaco has presented survey evidence as well as anecdotal evidence of actual confusion between the Cuban COHIBA and the General Cigar COHIBA. Accordingly, this factor weighs toward likelihood of confusion.

#### **6. *Good Faith on the Defendant's Part***

This factor considers whether the defendant "adopted plaintiff's marks with the intention of capitalizing on the plaintiff's reputation and goodwill and any confusion between [it] and the senior user's product." *Nora Beverages, Inc. v. Perrier Group of America, Inc.*, 269 F.3d 114, 124 (2d Cir. 2001) (quoting *Lang*, 949 F.2d at 583).

General Cigar concedes that its development of the COHIBA brand in 1992 was an attempt "to somehow capitalize on the success of the Cuban brand." Milstein Dep. at 284. If Cubatabaco was unambiguously the senior user of the mark at that time, that admission would be sufficient to establish General Cigar's bad faith. The central question, however, is whether General Cigar believed it was the senior user of the mark when it resumed use in November 1992. *See Person's*, 900 F.2d at 1569 ("[D]efendant is the senior user, and we are aware of no case where a senior user has been charged with bad faith. The concept of bad faith adoption applies to remote junior users seeking concurrent use registrations . . ."). Although it has been determined that General Cigar was not the senior user in November 1992 because of the operation of the famous marks doctrine, the evidence is not sufficient to show that General Cigar's failure to recognize that fact was in bad faith.

General Cigar first applied to register the COHIBA mark in 1978, before Cubatabaco sold COHIBA cigars outside of Cuba. It also began selling the COHIBA-branded "White Owl" cigars in 1978, and in 1982 placed the COHIBA brand on its Canario D'Oro premium cigar. See *Empresa II*, 213 F.Supp.2d at 257-258. While General Cigar executives were aware of the Cuban brand, and of Cubatabaco's intent to develop its brands for the international market after the embargo, there is insufficient evidence to show that COHIBA was well-known then. The USPTO issued a registration in February 1981. During the period of General Cigar's sale of its COHIBA-branded cigars from 1978 to 1987, Cubatabaco made no objection to General Cigar's use of the mark. Nor did Cubatabaco take any action to register the mark following the five-year period in which General Cigar made no sales under the COHIBA name, from 1987 to 1992.

The only indication that General Cigar had by late 1992 and early 1993 that it may not have been the senior user came from its trademark counsel, Morgan & Finnegan. Morgan & Finnegan first assured General Cigar that because "it is doubtful that Cubatabaco's COHIBA product was known to any significant number of purchasers [in 1978], especially not in the United States," the 1981 registration created a valid trademark right. PX 834. In its draft opinion letter, Morgan & Finnegan discussed the presumption of abandonment from two or more years of non-use, and opined that

there may have been several such periods of abandonment since Culbro/General Cigar filed the application for the COHIBA mark in 1978 and/or since the registration issued in 1981. Moreover, if General Cigar's COHIBA mark has not been used for over

two years up until the present, it may be deemed to be abandoned now.

*Id.* Abandonment, by itself, would not be sufficient to make Cubatabaco the senior user, because General Cigar's resumption of the mark in 1992, along with its second registration application, could re-establish its rights to the mark. Marcus, the attorney at Morgan & Finnegan in charge of the relationship between his law firm and General Cigar, testified that the concern expressed in the letter about possible abandonment was based on the incorrect belief that "General Cigar had only made token use of the mark in the 1980's." Marcus Direct ¶ 16. Further, Milstein believed that General Cigar COHIBA cigars were sold by Dunhill throughout the 1980's and 1990's, and therefore did not believe that General Cigar had abandoned the mark. *See* Tr. 1271-72.

The opinion letter also discusses the possibility that, if abandonment of the mark could be shown, Cubatabaco could establish a priority right to the mark

by showing that its COHIBA mark enjoys a continuous, existing reputation among U.S. purchasers, dating back to a time prior to any newly resumed use by General Cigar, by virtue of: (a) the various aforementioned means of exposure of the mark to U.S. purchasers, including publicity and promotional material circulated in the United States for their COHIBA cigars; and (b) direct evidence of familiarity on the part of U.S. purchasers, including travelers who have purchased Cuban COHIBA cigars abroad.

*Id.* The cases cited in the letter do not specifically refer to the famous marks doctrine, but it is stated implicitly. Morgan & Finnegan also sent an earlier letter to Milstein, dated April 20, 1989, explaining the famous marks

doctrine in the context of the possible use and registration in the U.S. of trademarks owned and used abroad by Cubatabaco. See PX 923. The COHIBA mark is not discussed in the 1989 letter, which cites *Maison Prunier*, and advises Milstein that if the trademark "enjoys a known reputation in the United States," Cubatabaco may be able to establish priority rights, notwithstanding its inability to sell cigars in the United States. *Id.*

The two letters, however, do not conclude that Cubatabaco would be likely to prevail in a priority contest. Marcus testified that the advice related in the opinion letter only set out the legal doctrine, and did not conclude that the mark was sufficiently famous in the United States to give Cubatabaco priority rights to the mark. See Tr. 1164. It was Marcus's opinion, given his knowledge of the renown of the Cuban COHIBA in late 1992, that the Cuban COHIBA "was not well known in the United States." *Id.* at 1159.

Cubatabaco argues both that General Cigar withheld pertinent information from Morgan & Finnegan, thus skewing its legal advice, and that it failed to follow the advice given by the law firm. As to the first issue, it has not been established that General Cigar held back information from its counsel which could later be used against it in a trademark registration dispute. Marcus testified of Milstein that

because he was seeking my opinion concerning [General Cigar's] rights and potential liabilities with respect to this brand, . . . he was giving me whatever information he had. He would hardly have held back any important information.

*Id.* Marcus's testimony is credible and establishes that General Cigar was not advised in late 1992 or early 1993 that Cubatabaco could establish priority rights to the

COHIBA mark. See *Estee Lauder, Inc. v. The Gap, Inc.*, 932 F.Supp. 595, 615-616 (S.D.N.Y. 1996), *rev'd on other grounds*, 108 F.3d 1503 (2d Cir. 1997) (finding no bad faith where defendant "proceeded on the advice of experienced counsel, advice that was not patently unreasonable," even though the court disagreed with counsel's opinion).

Cubatabaco has also failed to establish that General Cigar ignored the advice of its counsel. The advice regarding abandonment was based on misinformation. Counsel's opinion that General Cigar must not "take advantage of the goodwill associated with the Cuban product" by "deliberate copying," PX 834, refers only to the Cuban COHIBA trade dress, which General Cigar knew Cubatabaco was seeking to protect, rather than the word mark, which counsel believed that General Cigar could properly use.

Cubatabaco has presented no credible evidence that General Cigar believed that they did not own the COHIBA mark at that time. General Cigar's conduct in copying the COHIBA mark and attempting to exploit the reputation of the Cuban COHIBA was not, therefore, taken in bad faith. See *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 441 F.Supp. 1220, 1229-30 (S.D.N.Y. 1977), *aff'd* 580 F.2d 44 (2d Cir. 1978) ("The fact that one believes he has a right to adopt a mark already in use because in his view no conflict exists since the products are separate and distinct cannot, by itself, stamp his conduct as in bad faith," even after the USPTO refused registration in light of the plaintiff's mark). Accordingly, this factor weighs against a likelihood of confusion.

### 7. *Quality of the Defendant's Product*

The first and most frequent use of this factor is to determine "whether defendant's products or services are

inferior to plaintiff's, thereby tarnishing plaintiff's reputation if consumers confuse the two." *The Morningside Group Ltd. v. Morningside Capital Group, Inc.*, 182 F.3d 133, 142 (2d Cir. 1999). However, this formulation begs the question by looking to the negative consequences of hypothetical confusion rather than determining whether confusion is likely. There is also another manner in which the quality of the defendant's product may be relevant: "Products of equal quality may tend to create confusion as to source because of that very similarity of quality." *Id.*; see also *Hasbro Toys, Inc. v. Lanard Toys, Ltd.*, 858 F.2d 70, 78 (2d Cir. 1988) (noting both senses in which quality is relevant "without taking sides"). Because the second use of the factor correlates more strongly to a finding of confusion, it will be weighed more strongly than the first use.

Both ways of taking quality into account, however, favor a finding of confusion. In *Empresa II*, it was found that although General Cigar's COHIBA

has received several high evaluations from *Cigar Aficionado*, those rankings are not consistently as high as those of the Cuban COHIBA. The Cuban COHIBA has the reputation as the best cigar in Cuba and, perhaps, the world—a reputation that General Cigar's COHIBA has not surpassed according to the evidence presented here.

213 F.Supp.2d at 275. The evidence presented subsequently confirms that conclusion. A chart prepared by Cubatabaco demonstrates that *Cigar Aficionado* rates the General Cigar COHIBA consistently between 83 and 89, while more than half of the Cuban COHIBA's dozens of ratings are over 90, with only four below 85. Lopez Garcia Direct, Exh. N. The only retailer to testify regarding the quality of the two products described the Cuban

COHIBA as "one of the highest quality cigars, in terms of tobacco, craftsmanship and taste, produced anywhere in the world," while "neither the tobacco used, nor the craftsmanship employed in manufacturing the [General Cigar COHIBAs] are of extraordinary quality. The taste of the General Cigar COHIBA similarly does not merit the high cost that the consumer pays for the product." Jorge Armenteros Direct ¶¶ 22, 23.

While the quality of the Cuban COHIBA is consistently higher than that of the General Cigar counterpart and presents a risk, although a small one, that the reputation of the Cuban COHIBA will be tarnished, there is a greater risk that the generally high quality of the General Cigar COHIBA will lead consumers into believing that the two brands are affiliated in some way. Given the publicity that counterfeit COHIBAs have received, a poor quality COHIBA is more likely to make a consumer believe that the cigar is a fraud rather than confusing it with the Cuban COHIBA. This factor weighs toward a likelihood of confusion.

### 8. *Sophistication of Buyers*

In *Empresa II*, it was determined at that time that the sophistication of buyers of COHIBA cigars was a controverted issue:

While purchasers of fine cigars tend to be knowledgeable and would realize that Cuban COHIBAS are not legally available in this country, Cubatabaco has presented market research to suggest that buyers who would be influenced by the "Cuba mystique" are not sophisticated purchasers. Therefore, a person who would buy a COHIBA because of its "mystique" may not understand that the General Cigar COHIBA is not sponsored by or related to the Cuban COHIBA.

213 F.Supp.2d at 275. At most, the evidence presented by Cubatabaco shows that younger consumers have become interested in COHIBA, that some consumers may be in search of status or prestige, and that some customers rate their cigar knowledge as low.

That evidence, however, must be viewed in the context of the high price of premium cigars, and COHIBA cigars especially, as well as the sophistication of premium cigar buyers generally. See *General Cigar*, 988 F.Supp. at 664 ("Ultimate consumers of [COHIBA] cigars are men sufficiently enthusiastic about smoking cigars to spend a significant amount of money on that pleasure, and are therefore presumably discerning purchasers."); *Camacho Cigars, Inc. v. Compania Insular Tabacalera, S.A.*, 171 U.S.P.Q. 673, 674 (D.D.C.1971) (purchasers of high-priced cigar brands "are careful, well-informed buyers."). Accordingly, this factor weighs against likelihood of confusion.

The *Polaroid* analysis weighs strongly toward a finding of a likelihood of confusion, even when the unique circumstances of the Cuban embargo is taken into account. Further support for the conclusion from the *Polaroid* factors may be found from two other types of confusion which have been found actionable: initial interest confusion and post-sale confusion. Initial interest confusion occurs when "potential customers initially are attracted to the junior user's mark by virtue of its similarity to the senior user's mark, even though these consumers are not actually confused at the time of purchase." *Jordache Enterprises, Inc. v. Levi Strauss & Co.*, 841 F.Supp. 506, 514-15 (S.D.N.Y. 1993) (citing *Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331, 1342 (2d Cir. 1975)). Post-sale confusion occurs after a product has been purchased and

put into use, and occurs "when a manufacturer of knock-off goods offers consumers a cheap knockoff copy of the original manufacturer's more expensive product, thus allowing a buyer to acquire the prestige of owning what appears to be the more expensive product." *Hermes Intern. v. Lederer de Paris Fifth Avenue, Inc.*, 219 F.3d 104, 108 (2d Cir. 2000) (citing *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464, 466 (2d Cir. 1955)). In the age of the internet, initial interest confusion can readily occur even though it is not possible to purchase Cuban COHIBAs in the United States. While the embargo diminishes the possibility of post-sale confusion, it does not entirely eliminate it.

General Cigar's choice of COHIBA as the name for its premium cigar, by itself, provides some evidence of intent to create initial interest confusion. The advertising undertaken by others which misleadingly suggests an affiliation only adds to the possibility of confusion at the initial stage, even if the consumer later learns that there is no affiliation between the two brands. As to post-sale confusion: while the General Cigar COHIBA is not properly described as a cheap knockoff copy, it is less expensive, less prestigious, and overall less highly regarded than the Cuban COHIBA. The use of an almost identical typeface on the band only adds to the possibility that the consumer may acquire the prestige of smoking a Cuban COHIBA without actually purchasing one. It is therefore held that, considering the *Polaroid* factors, as well as the risk of both initial interest and post-sale confusion, that there is a likelihood of confusion between the Cuban COHIBA and the General Cigar COHIBA.

***Cubatabaco Did Not Abandon the COHIBA Mark  
Between 1992 and 1997***

In *Empresa IV*, it was held that the question whether Cubatabaco abandoned the mark between November 1992 and the filing of the cancellation petition in January 1997 presented "a question of fact, weighing the facts that Cubatabaco did not attempt to register its mark or contest the General Cigar COHIBA mark until 1997 with the fact that it could not in any case use the mark in the United States, and with any efforts that it took to maintain its fame in the United States." 213 F.R.D. at 158. The abandonment analysis was oriented by the decision of the TTAB in *Jose M. Arechabala Rodrigo v. Havana Rum & Liquors, S.A.*, Cancellation No. 22,881, slip op. at 15 (T.T.A.B. Oct. 19, 1995). In *Rodrigo*, the TTAB rejected the argument that the Cuban registrant had abandoned the "Havana Club" mark because of the embargo and "because the respondents used the mark worldwide and intended to use the mark in the United States 'as soon as it is legally possible to do so.'" *Empresa III*, 213 F.R.D. at 157 (quoting *Rodrigo*, slip op. at 19).

The *Rodrigo* decision was distinguished from the instant case, however, because the respondent in *Rodrigo* had registered the Havana Club mark, whereas Cubatabaco took no official action manifesting its intent to use the COHIBA word mark until the cancellation petition, over 4 years after General Cigar had resumed using the COHIBA mark. Cubatabaco is therefore not entitled to a presumption of its intent to begin using the mark as soon as the embargo is over, and "its intent to use the mark in the United States must be found by other means." *Id.* at 158.

In ruling on General Cigar's abandonment of the mark from 1987 to 1992, it was held that intent to use the

mark must be shown by "objective, hard evidence of actual 'concrete plans to resume use' in the 'reasonably foreseeable future when the conditions requiring suspension abate.'" *Empresa II*, 213 F.Supp.2d at 268 (quoting *Silverman v. CBS, Inc.*, 870 F.2d 40, 46 (2d Cir. 1989)). However, "[t]he party claiming abandonment bears the burden of proof" of establishing intent not to resume use. *Id.*; see also *Proctor & Gamble Co. v. Quality King Distributors, Inc.*, 123 F.Supp.2d 108, 116 (E.D.N.Y.2000) (to succeed on "an abandonment claim, the defendants must meet a 'high burden of proof.'" (quoting *Warner Bros., Inc. v. Gay Toys, Inc.*, 724 F.2d 327, 334 (2d Cir. 1983)). Also, "because it constitutes forfeiture of a property right, abandonment of a mark must be proven by clear and convincing evidence, and a statutory aid to such proof must be narrowly construed." *Empresa IV*, 213 F.R.D. at 156-57 (citations omitted). The relevant statutory aid is the presumption that nonuse for two or three consecutive years shall constitute prima facie abandonment.<sup>10</sup> To show excusable nonuse, "the registrant must produce evidence showing that, under his particular circumstances, his activities are those that a reasonable businessman, who had a bona fide intent to use the mark in United States commerce, would have taken." *Empresa II*, 213 F.Supp.2d at 268-69 (quoting *Rivard v. Linville*, 133 F.3d 1446, 1449 (Fed.Cir. 1998)).

<sup>10</sup> In November 1992, the law provided that two consecutive years was sufficient to show abandonment. See *Pilates, Inc. v. Current Concepts, Inc.*, 120 F.Supp.2d 286, 307 n. 16 (S.D.N.Y.2000); 15 U.S.C. § 1127 (1993). The law was amended on December 8, 1994, to provide that three consecutive years of abandonment are required. See Pub.L. 103-465, § 521, 1994 Amendments; 15 U.S.C. § 1127(1). Because Cubatabaco could not use the mark for the entire period, it is not necessary for the purposes of this litigation to decide whether the two or three year presumption applies.

General Cigar argues that Cubatabaco abandoned the mark because it did not register the COHIBA word mark even though it is excused from the requirement of use that other registrants must comply with in order to maintain their rights. Cubatabaco need only register a mark and file a certificate of excusable non-use periodically in order to maintain the rights to that mark. General Cigar notes that Cubatabaco made efforts to protect its rights to use other marks and registered its COHIBA trade dress in the United States, but did not do so for the COHIBA word mark.

As found above, the legal actions taken by Cubatabaco are consistent with the intent to resume use beginning in June 1994, given its inability to use the mark during the relevant period. Cubatabaco took no legal action prior to June 1994 because of the 1981 registration, the 1986 Declaration of Use and Incontestability, and its belief that "General Cigar was not making stable or continuous use of the COHIBA trademark in the United States." *Id.* at 262. From June 1994 until the filing of the cancellation petition, the evidence shows that Cubatabaco was contemplating legal action in defense of the COHIBA mark.

The evidence also shows that Cubatabaco's efforts to maintain the fame of the COHIBA mark in the United States were sufficiently significant and sustained, in the context of the embargo, to demonstrate an intent to resume use when it became legally possible. During the period, General Cigar undertook no advertising and publicity for its Temple Hall COHIBA, and sold the cigar in limited numbers through two mail-order retailers. The publicity generated by Cubatabaco, on the other hand, brought the brand from relative obscurity, as measured by the January 1992 Shanken Survey, to the point in 1997 where General Cigar acknowledged that "the

Cuban COHIBA was well-known in the U.S. in 1997." Def.'s Post-Trial Mem. at 2.

Cubatabaco's efforts did not include concrete business plans for resuming use of the mark after the end of the embargo. However, such plans should not be expected under circumstances in which the end of the embargo was not in the foreseeable future. Instead, Cubatabaco's efforts were devoted to raising awareness of the COHIBA brand. The evidence shows that among all of Cubatabaco's brands, COHIBA was promoted most forcefully. Very few of its marketing efforts were directed solely at the United States. Such a strategy would have made little sense, given that promotion of COHIBA in Europe and elsewhere would be more immediately productive. Cubatabaco, however, consistently made efforts to direct its promotion of COHIBA to premium cigar consumers in the United States. Most significant among these efforts is its long-standing relationship with *Cigar Aficionado*. Cubatabaco proposed articles, accommodated reporters, arranged an exclusive interview with Fidel Castro, and participated in the planning of a dinner in Paris to which numerous prominent Americans were invited. Habanos, S.A. also named Shanken, the American publisher of the magazine, as its "Habanos Man of the Year for Communications" in 1995. While *Cigar Aficionado* is sold throughout the world, it reaches a significant number of premium cigar smokers in the United States.

Cubatabaco also encouraged and accommodated publicity from other American media outlets, such as The New York Times, CNN, CBS, and National Public Radio. The celebration of the 30th anniversary of COHIBA included numerous Americans, and generated significant publicity for COHIBA. Although the event

took place in February 1997, the planning for the event, including invitations, was done as early as 1995.

General Cigar argues that Cubatabaco affirmatively abandoned the mark in late 1992 and early 1993 by failing to protest when General Cigar insisted that it owned the mark and that Cubatabaco no longer run ads for COHIBA in *Cigar Aficionado*. Cubatabaco acknowledges that "further advertisements were prevented by General Cigar's threat of infringement actions." Pl.'s Mem. at 62. Lopez Garcia, the Director of Marketing at Habanos, S.A., testified that she believes that Cubatabaco may not advertise in the U.S. "because of General Cigar's registration and use of the COHIBA mark." Lopez Garcia Direct ¶ 105. Such actions may, under certain circumstances, constitute evidence of Cubatabaco's acquiescence to General Cigar's use of the mark. However, General Cigar's affirmative defense of acquiescence has been dismissed. *See Empresa II*, 213 F.Supp.2d at 277-78. Such actions are not sufficient to show an absence of intention to resume use at an unknown point in the future.

General Cigar also points to the interviews given by Padron to *Cigar Aficionado*, in which he expressed the view that "Habanos" was more important than any brand name. Padron also stated that if the embargo were to end, "we would launch new things for the North American market, new brands. Or we could make an arrangement with the brand owners over there." D72. Such statements, to the extent that they constitute reliable statements of Cubatabaco's intent, at most demonstrate that Cubatabaco believes that it will be able to market its Cuban cigars successfully with or without the COHIBA name. They do not demonstrate an affirmative intent not to resume use of the COHIBA mark once the embargo is ended. Padron's statements were also made without the

knowledge "that General Cigar was pursuing a new registration for the COHIBA mark." *Empresa II*, 213 F.Supp.2d at 277. Because of this, General Cigar was precluded from "rely[ing] on the interviews to show conduct supporting its acquiescence and estoppel claims." *Id.* For similar reasons, General Cigar may not rely on the interviews in support of its abandonment defense.

In light of the evidence presented, General Cigar has not met its burden of proving by clear and convincing evidence that Cubatabaco abandoned the COHIBA mark between November 1992 and January 1997. Cubatabaco has consistently undertaken the efforts that a reasonable businessman with an intent to resume using the mark would have taken under the circumstances. It did not initiate legal action because of General Cigar's 1981 registration, but began the process of contesting General Cigar's re-registration of the mark as soon as it learned of it. Further, its efforts to promote the mark in the United States are consistent with an intent to maintain the fame of the mark for the unknown duration of the embargo.

***General Cigar's COHIBA Mark is Cancelled and General Cigar is Enjoined From Using The COHIBA Mark***

Cubatabaco has presented evidence that it possessed a protectable mark in November 1992 under the famous marks doctrine, and that there is a likelihood of confusion between the Cuban COHIBA cigar and the General Cigar COHIBA. General Cigar has not established that Cubatabaco abandoned the COHIBA mark between 1992 and 1997. Cubatabaco is therefore entitled to relief under § 43(a) of the Lanham Act. General Cigar's trademark registration No. 1,898,273 is cancelled, and General Cigar is permanently enjoined using the COHIBA

word mark on or in connection with any product or service or the manufacture, exportation, sale, offering for sale, distribution, advertising, promotion labeling or packaging of any product or service. General Cigar is also ordered to deliver up to Cubatabaco for destruction or other disposition any and all merchandise, packaging, package inserts, labels, signs, prints, wrappers, receptacles, advertising, plates and other mechanical means of reproduction or other materials now or hereafter in their possession, custody or control, which bear the infringing trademark and any reproduction, copy or colorable imitation thereof.

### *The FTDA Claim is Dismissed*

Count XII of Cubatabaco's complaint alleges that General Cigar's conduct is likely to cause the blurring and dilution of the distinctive quality of its COHIBA trademark in violation of the FTDA, 15 U.S.C. § 1125(c). While the COHIBA mark was famous within the meaning of the famous marks doctrine in November 1992, it does not meet the considerably more stringent requirements of the FTDA.

"In the Second Circuit, five elements are necessary to establish a claim under the FTDA: (1) the senior mark must be famous; (2) it must be inherently distinctive; (3) the challenged junior use must be a commercial use in commerce; (4) it must begin after the senior mark has become famous; and (5) it causes dilution of the distinctive quality of the senior mark." *Christopher D. Smithers Found., Inc. v. St. Luke's-Roosevelt Hosp. Ctr.*, No. 00 Civ. 5502, 2003 WL 115234, at (S.D.N.Y. Jan.13, 2003) (citing *Nabisco Inc. v. P.F. Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999); Lanham Act § 43(c); 15 U.S.C. § 1125(c)). Because the COHIBA mark is insufficiently famous, the other factors need not be addressed.

As discussed above, the FTDA protects only those marks that have shown "a substantial degree of fame." *TCPIP*, 244 F.3d at 99; *see also Smithers*, 2003 WL 115234, at \*5 ("Very few trademarks qualify as famous marks."). In particular, the fame required "must exist in the general marketplace, not in a niche market." *Smithers*, 2003 WL 115234, at \*5 (citing *TCPIP*, 244 F.3d at 99). In *TCPIP*, the Second Circuit found that the mark "The Children's Place" was not famous under the FTDA standard despite the fact that its owner operated 228 retail stores in 27 states under the name, and had achieved sales of \$280 million. *TCPIP*, 244 F.3d at 99. The court found that while the evidence "shows considerable commercial success and growth, the aggregate sales under the mark since it originated . . . may well not equal the sales of Dupont, Buick, or Kodak in any given month." *Id.* at 100.

Cubatabaco has put forward no evidence showing that the renown of the COHIBA mark extended beyond premium cigar smokers in 1992 or at any other time. All survey evidence comes from premium cigar smokers, and the publicity received by the mark outside of publications such as *Smoke* and *Cigar Aficionado* has been extremely limited. Further, the fact that the Cuban COHIBA cannot legally be sold in the United States, combined with the fact that the General Cigar COHIBA was not sold from 1987 to 1992 is further evidence that the COHIBA mark has not acquired the level of fame required by the FTDA. Accordingly, the federal dilution claim of Count XII is dismissed.

### ***The New York State Dilution Claim is Dismissed***

Count XII also includes a claim alleging dilution of the COHIBA mark and injury to business reputation in

violation of New York's anti-dilution law. The statute provides that:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods and services.

N.Y. Gen Bus. Law § 360-1 (formerly § 368-d).

Cubatabaco argues that a mark need not be famous in order to make out a dilution claim under New York law. In support, Cubatabaco cites *Welch Allyn, Inc. v. Tyco Int'l Servs. AG*, 200 F.Supp.2d 130, 150 (N.D.N.Y. 2002), which adopts that proposition. However, *Welch Allyn* also states that "the New York anti-dilution statute 'protects only extremely strong marks.' " *Id.* (quoting *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983)). The case law on the standards for establishing the distinctiveness required to show dilution under New York law closely resemble the standards for fame under the FTDA. *See Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989) (mental association between marks required to show distinctiveness "may be created where the plaintiff's mark is very famous and therefore has a distinctive quality for a significant percentage of the defendant's market."). In *Sally Gee*, the Second Circuit in dicta interpreted extremely strong marks as applying only to the "most well known names." 699 F.2d at 625 (quoting *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 42 N.Y.2d 538, 548, 399 N.Y.S.2d 628, 369 N.E.2d 1162 (1977) (Cooke, J. dissenting) (interpreting

the majority opinion)). The legislative history for New York's anti-dilution statute cites the same very famous hypothetical misappropriations of trademarks as does the federal legislation: "Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns, and so forth," *Mead Data*, 875 F.2d at 1031 (quoting 1954 N.Y.Legis. Ann. 49-50) suggesting that only highly recognizable marks merit protection. *See also id.* at 1033 (Sweet, J., concurring) (noting that the majority's conclusion "limits section 368-d's protection to nationally famous marks.")

These examples are to be expected, since the legislative history also discloses that the purpose of the § 360-1, like the FTDA, is to prevent "the whittling away of an established trademark's selling power and value through its unauthorized use by others upon dissimilar products." *Id.* It is inappropriate, therefore, to bring an anti-dilution claim on the basis of two identical marks, especially when Cubatabaco has also made other claims. As the Second Circuit held in regard to § 360-1's predecessor statute:

Section 368-d provides a cause of action distinct from other state law actions for trademark infringement and unfair competition. "The evil which the Legislature sought to remedy was not public confusion caused by similar products or services sold by competitors, but a cancer-like growth of dissimilar products or services which feeds on the business reputation of an established distinctive trade-mark or name."

*Sally Gee*, 699 F.2d at 624 (quoting *Allied*, 42 N.Y.2d at 544. Accordingly, the state dilution claim of Count XII is dismissed because the COHIBA mark is not extremely strong and because an anti-dilution action is not properly

brought to protect against competition from similar products.

***The Unfair Competition Claim is Dismissed***

The essence of New York's unfair competition law "is that the defendant has misappropriated the labors and expenditure of another." *Saratoga Vichy Spring Co., Inc. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980). To determine that misappropriation has occurred, bad faith must be found. "Under New York law, common law unfair competition claims closely resemble Lanham Act claims except insofar as the state law claim may require an additional element of bad faith or intent." *Nadel v. Play-By-Play Toys & Novelties, Inc.*, 203 F.3d 368, 383 (2d Cir. 2000) (quoting *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 149 (2d Cir. 1997)); see also *Empresa II*, 213 F.Supp.2d at 284.

Cubatabaco's claim that General Cigar acted in bad faith by copying the COHIBA name in November 1992 has been considered above and rejected. In the absence of a finding of bad faith, Cubatabaco's New York unfair competition claim is dismissed. See *Mejia and Associates v. IBM Corp.*, 920 F.Supp. 540, 552 (S.D.N.Y. 1996).

***The Claim for Trademark Cancellation Under § 1120 is Dismissed***

Count Eleven of Cubatabaco's complaint alleges a violation of 15 U.S.C. § 1120, which provides

Any person who shall procure registration in the Patent and Trademark Office of a mark by a false or fraudulent declaration or representation, oral or in writing, or by any false means, shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof.

Cubatabaco requests an order, pursuant to this statute, cancelling General Cigar's 1995 registration of the COHIBA trademark. Such an order has already been granted under Count Seven for violations of 15 U.S.C. § 1125(a).

In addition, Cubatabaco has not met the standard for cancellation under this provision. "Misstatements in a registration application provide a basis for cancelling the registration only "if the misstatements (1) were made with *knowledge* of their falsity, and (2) were *material* to the determination to grant the application." *Baker v. Parris*, 777 F.Supp. 299, 305 (S.D.N.Y. 1991) (quoting *Rick v. Buchansky*, 609 F.Supp. 1522, 1537 (S.D.N.Y. 1985)) (emphasis in original). The General Cigar statement in 1979 in response to the PTO inquiry concerning the geographic description of COHIBA was not entirely accurate when it described the mark as "wholly arbitrary." See *Empresa II*, 213 F.Supp.2d at 255. However, that abandonment does not invalidate the 1995 registration.

It has been found above that General Cigar believed at the time it applied to register the mark that it was the valid owner. Cubatabaco has therefore not demonstrated that General Cigar made any misstatements in its registration application with knowledge of their falsity.

### ***The Misappropriation Claim is Dismissed***

Count XIII lists a claim for common law misappropriation. General Cigar argues that Cubatabaco's misappropriation claim is subsumed within its unfair competition claim and provides no independent basis for relief. In *Empresa II*, it was observed that "at least one district court has dismissed a common law misappropriation claim" on the grounds that the two claims are duplicative. 213 F.Supp.2d at 284 (citing *Something Old*,

*Something New, Inc. v. QVC, Inc.*, No. 98 Civ. 7450, 53 U.S.P.Q.2d 715, 1999 WL 1125063, at \* 13 (S.D.N.Y. Dec. 8, 1999). However, the misappropriation claim was not dismissed because the parties had not briefed the issue. In its post-trial briefs, General Cigar raises the same cases and arguments referred to by the Court in *Empresa II*. Cubatabaco has not responded on this issue. Accordingly, in recognition of the fact that “[t]he essence of an unfair competition claim under New York law is that the defendant has misappropriated the labors and expenditures of another,” *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980), Count XIII is dismissed as duplicative of Cubatabaco’s common law unfair competition claim.

Cubatabaco also includes a “passing off” claim in its Pre-Trial Statement of Claims, as part of Count Ten. This claim is also dismissed as duplicative. *See Regal Jewelry Co. v. Kingsbridge Int’l Inc.*, 999 F.Supp. 477, 491 (S.D.N.Y. 1998) (“[T]he very purpose of unfair competition law [is] to keep a seller from passing off his goods as those of another.”).

### ***The Trade Dress Infringement Claim Is Dismissed***

In addition to its claim of trademark infringement in Count Seven, Cubatabaco also alleges that General Cigar’s conduct constitutes trade dress infringement under § 43(a) of the Lanham Act. In particular, Cubatabaco alleges that the bands which General Cigar included on its COHIBA cigars beginning in 1997 infringe on the trade dress of the Cuban COHIBA band.

In order for Cubatabaco to prevail on its trade dress infringement claim, it must show that: (1) Cubatabaco’s cigar band was inherently distinctive or had acquired distinctiveness through secondary meaning; (2) the design of Cubatabaco’s band is nonfunctional; and (3) a

likelihood of confusion exists between the Cubatabaco band and the General Cigar band. See *Two Pesos v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992).

The Cuban COHIBA band is inherently distinctive because of its arbitrary graphical design. *Fun-Damental Too, Ltd. v. Gemmy Industries Corp.*, 111 F.3d 993, 1000 (2d Cir. 1997). General Cigar has also acknowledged that awareness of the COHIBA band was high in 1997. See *Cullman Dep.* at 443 ("[I]t was impossible not to acknowledge at that point [May 1997] a strong awareness among cigar smokers that Cohiba existed, there was a Cuban Cohiba, and as I mentioned before, there was great interest, among new smokers especially, to walk around with, showing off the Cuban Cohiba label."). The design of the band also serves no functional purpose; it is merely decorative.

Cubatabaco fails, however, to demonstrate that there is a likelihood of confusion between the two cigar bands. The Cuban COHIBA band is yellow on the bottom, and black with white squares on the top. The COHIBA name, in black block letters on a white background, straddles the yellow and black field. Below the name are the words "La Habana, Cuba" on the yellow field in black script. The General Cigar band, by contrast, consists of two thick black stripes on the top and bottom of the band. The remainder of the band is white, except for the name COHIBA in black bold letters, with a red dot inside the "O", and a red oval with the words "HAND MADE" in small black letters.

While the font of the word COHIBA on the two bands undoubtedly bear a resemblance to one another, the similarity between the two bands ends there. The only evidence presented of confusion between the two brands is the testimony of Siegel, Cubatabaco's expert, who testified that both the cigar band and the box used by Gen-

eral Cigar have a "direct familial relationship to the Cuban Cohiba tradedress." Siegel Direct, ¶ 176(a). At most, Siegel's testimony demonstrates that the cigar bands of the two brands stand out from other brands by their "clean, sparse look." *Id.* at ¶ 169 (quoting PX 98, a General Cigar memo dated May 13, 1997). The combination of the COHIBA word mark and the look of the General Cigar band is likely to lead to confusion, as determined above. However, Cubatabaco has shown no evidence that the band itself, apart from the word mark, is likely to cause confusion. Were a different brand name to be used with the General Cigar trade dress, any confusion between the two bands would be removed, and the most one could conclude is that "both the Cubatabaco and General Cigar designs have a different look and feel from almost all competitive premium luxury cigars, which use traditional, ornate designs." Pl. PFF, ¶ 69. In the absence of more substantive evidence of confusion, such as survey data, the fact that the two bands share a different look and feel is insufficient to establish a likelihood of confusion. Accordingly, Cubatabaco's claim for trade dress infringement is dismissed.

### ***The Deceptive Trade Practices Claim is Dismissed***

In the Joint Pretrial Order, Cubatabaco alleges a claim for deceptive trade practices as part of Count Ten, citing "N.Y. Gen. Bus. § 349 and analogous laws in each and every State." A trademark infringement claim such as the one brought by Cubatabaco is not properly brought under § 349. "The gravamen of the complaint [under § 349] must be consumer injury or harm to the public interest." *Securitron Magnalock Corp. v. Schnabolk*, 65 F.3d 256, 264 (2d Cir. 1995) (internal quotation and citation omitted). While confusion as to the source or qual-

ity of the COHIBA cigar does count as a form of consumer injury, it has not been held to be actionable under § 349. "The Courts of this Circuit have held that trademark infringement actions alleging only general consumer confusion do not threaten the direct harm to consumers required to state a claim under section 349." *Sports Traveler, Inc. v. Advance Magazine Publishers, Inc.*, No. 96 Civ. 5150, 1997 WL 137443, at \*3 (S.D.N.Y. March 24, 1997) (collecting cases). Accordingly, Cubatabaco's deceptive trade practices claim is dismissed.

***The Trade Dress Dilution and False Advertising Claims Are Not Properly Before the Court***

Within the section of the Joint Pretrial Order entitled "Plaintiff's Statement of Claims to Be Tried," Cubatabaco raises two claims that were never pled in its original Complaint: "False Advertising," alleged to be part of Count Ten, and "Trade Dress Dilution" under state and federal law, alleged to be part of Counts Seven and Twelve.

Count Ten asserts that General Cigar "violated principles of the state and common law of unfair competition by wilfully passing off their goods as those of Cubatabaco, by competing unfairly, and by employing deceptive trade practices." Complaint, ¶ 72. However, there is no reference in the claim to false advertising. General Cigar could not have been put on notice of its need to defend against this claim.

Counts Seven describes a claim for "Trademark and Trade Dress Infringement," but makes no reference to trade dress dilution. Count Twelve alleges that General Cigar violated New York's anti-dilution law, but reference is made only to the COHIBA trademark and not to

the COHIBA trade dress. General Cigar also was not given notice of this claim.

Cubatabaco cites Rule 15(b) in arguing that it was sufficient to state its claim in the Joint Pretrial Order. Rule 15(b) does permit issues not raised in the pleadings to be tried "as if they had been raised in the pleadings," but only by the "express or implied consent of the parties." Fed.R.Civ.P. 15(b). General Cigar objected to the inclusion of both the false advertising and trade dress dilution claims in the Pretrial Order and has not consented, either implicitly or explicitly to raising these claims. Accordingly, they are dismissed.

*No Judgment is Appropriate At This Time On  
Cubatabaco's Claims For Monetary Relief*

As part of Count Ten, which claims unfair competition under state law, Cubatabaco also asserts a claim for unjust enrichment and constructive trust. In its brief, Cubatabaco argues that equitable principles mandate that General Cigar not be permitted to retain profits from the sale of its COHIBA cigar. Cubatabaco also argues for an award of profits under the Lanham Act and the New York common law of unfair competition. Finally, Cubatabaco argues that it is entitled to attorney's fees under the Lanham Act.

As part of the Joint Pretrial Order, the parties stipulated and the Court ordered:

Any trial on the issue of monetary relief claimed by Plaintiff against Defendants shall be bifurcated from a trial on liability on the cause of action raised in Plaintiff's complaint and Defendant's counterclaim. Any trial on Plaintiff's claim for monetary relief shall only be held after a finding by the district or appellate courts that one or more of the Defendants

is liable to Plaintiff on one or more causes of action for which Plaintiff has asserted it is entitled to monetary relief.

Because the Court has made a finding that General Cigar is liable on the claim of trademark infringement, a trial on the issue of monetary relief is warranted, and no decision will issue at this time.

The Court recognizes that one or both parties may wish to have the liability determinations made thus far ruled on by the appellate court before the issue of monetary relief is considered. Accordingly, if either party desires certification of the claims adjudicated to date pursuant to Federal Rule of Civil Procedure 54(b), a motion to that effect should be brought within 10 days of the issuance of this opinion and order.

### **CONCLUSION**

For the reasons set forth above, General Cigar's COHIBA trademark registration is cancelled. No other relief has been granted at this time. Following the stipulation of the parties, the issue of any monetary relief for Cubatabaco remains to be tried.

Submit judgment on notice.

It is so ordered.

---

ROBERT W. SWEET  
U.S.D.J.

New York, NY  
March 26, 2004

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT NEW YORK

---

No. 97 CIV. 8399 (RWS)  
June 26, 2002

---

EMMPRESA CUBANA DEL TABACO,  
d.b.a. CUBATABACO,  
*Plaintiff,*

—v.—

CULBRO CORPORATION and  
GENERAL CIGAR CO., INC.,  
*Defendants.*

---

OPINION

(EXCERPT)

SWEET, J.

Defendants General Cigar Holdings, Inc. (the legal successor in interest to named defendant Culbro Corporation) and General Cigar Co. Inc. (collectively "General Cigar") have moved pursuant to Rule 56 of the Federal Rules of Civil Procedure for summary judgment to dismiss the complaint of plaintiff Emmpresa Cubana del Tabaco d.b.a. Cubatabaco ("Cubatabaco") on the

basis of estoppel, acquiescence, and laches due to Cubatabaco's alleged long delay in challenging General Cigar's use and registrations of the COHIBA trademark. Cubatabaco has moved (1) to strike General Cigar's affirmative defenses of estoppel, acquiescence, and laches; and (2) for partial summary judgment on its claims of abandonment and under Articles 7 and 8 of the General Inter-American Convention for Trademark and Commercial Protection ("IAC" or "Inter-American Convention"), Article 6bis of the Paris Convention for the Protection of Industrial Property ("Paris Convention"), New York common law, and the Trademark Dilution Act.

For the following reasons, these motions are denied in part and granted in part.

\* \* \* \*

#### ***VI. Cubatabaco's Motion for Partial Summary Judgment***

Cubatabaco has moved for partial summary judgment on its Article 7 and 8 claims under the IAC, Article 6-bis claim under the Paris Convention, New York common law claim, and claim under the Federal Trademark Dilution Act ("FTDA"). General Cigar opposes summary judgment on these claims as well as others not addressed in Cubatabaco's motion for summary judgment.<sup>46</sup>

---

<sup>46</sup> General Cigar also discusses the merits of Cubatabaco's claims regarding (1) Article 10-bis of the Paris Convention (Count II); (2) Article 20 of the IAC (Count IV); (3) trademark infringement under Section 43 of the Lanham Act (Count VII); and (4) state law dilution claims (Count XII). These arguments will not be addressed as they are not before the Court and should be the subject of a separate motion for summary judgment on the merits by General Cigar if it so chooses.

### A. *Cubatabaco's Treaty Claims*

As an initial matter, General Cigar argues that Cubatabaco cannot rely on the IAC and Paris Convention because the provisions on which it relies do not have the force of law in the United States. It asserts that the treaties are not self-executing and therefore must be executed by legislation, *i.e.* the Lanham Act, and that the Lanham Act does not encompass the substantive provisions on which Cubatabaco relies for this summary judgment motion.

#### 1. *Inter-American Convention*

Both Cuba and the United States are parties to the IAC. The treaty remains in force between the United States and Cuba notwithstanding the embargo on trade between the two countries. U.S. Dep't of State, *Treaties in Force* 393 (2000). Thus, the IAC, along with the Paris Convention, governs trademark relations between the two countries.

This Circuit has recently addressed the issue of whether the Inter-American Convention provides additional substantive rights other than those available under the Lanham Act. *Havana Club Holding S.A. v. Galleon S.A.*, 203 F.3d 116, 124 (2d Cir.2000).

In *Havana Club*, a Cuban rum producer, Havana Club, brought an action against an American rum producer, Bacardi, alleging trademark infringement and false designation of origin. Before the Cuban revolution, Havana Club rum was produced by a private corporation owned principally by the Arechabala family and was shipped to the United States. After the revolution, the Cuban government seized the assets of the corporation. The resulting Cuban rum company registered the Havana Club trademark with Cuban authorities in 1974 and with the

United States in 1976. The United States registration was revoked in 1997. Also in 1997, the Bacardi Rum company purchased the rights of the Arechabala family to, *inter alia*, the Havana Club trademark.

Looking to legislative history, the Court held that the IAC was self-executing, but that, regardless, Congress incorporated rights under the IAC into Section 44 of the Lanham Act. Therefore, Cubatabaco "must assert its rights under the IAC pursuant to section 44(b) of the Lanham Act." *Id.* at 128.

Section 44(b) provides:

Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this Act.

15 U.S.C. § 1126(b). Cubatabaco is therefore "entitled to the benefits" of Section 44 "under the conditions expressed herein to the extent necessary to give effect to any provision of such convention. . . ."

Havana Club filed a claim, *inter alia*, to enjoin Bacardi from selling rum labeled Havana Club under Section 44(b) and (h) of the Lanham Act and Chapter III of the IAC. The Court held that Section 44(b)<sup>47</sup> of the Lanham

<sup>47</sup> Section 44(h) provides:

Any person designated in subsection (b) of this section is entitled to the benefits and subject to the provisions of this chapter shall be entitled to effective protection against unfair

Act only reaches substantive provisions of the IAC that are "related to the repression of unfair competition." 203 F.3d at 135 n. 19. One of Havana Club's Section 44(h) claims sought to apply the substantive provisions of Article 23, concerning "Repression of False Indications of Geographical Origin or Source". The Court held that it could "not rely on this provision in asserting its section 44(h) claim, however, because the IAC does not treat rights under article 23 as rights related to the repression of unfair competition." 203 F.3d at 135 n. 19.

The Court did not clarify which sections of the IAC concern "rights related to the repression of unfair competition." However, Chapter IV of the IAC (Articles 20, 21 and 22) is explicitly labeled "Repression of Unfair Competition." Further, the Court appeared to accept that Section 44(h) at the very least embraces the substantive provisions of one of the articles in Chapter IV, Article 21(c).<sup>48</sup> From this, it may be surmised that Chapter IV concerns "rights related to the repression of unfair competition and that Section 44(h) incorporates the substantive provisions of Articles 20, 21, and 22."<sup>49</sup>

---

competition, and the remedies provided by this chapter for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

<sup>48</sup> Havana Club also asserted a claim under Article 21(c). Article 21(c) expressly states that it will be enforceable only if the conduct it proscribes is not "effectively dealt with" in domestic law. The Court concluded that the plaintiff failed to state a viable claim as it "amounts to little more than the reassertion of its section 43(a) claim because article 21(c) of the IAC prohibits a subset of the conduct already effectively prohibited under American law by section 43(a)." *Id.* at 134- 35. Therefore, the Court appeared to accept that Section 44(h) encompassed the terms of Article 21(c).

<sup>49</sup> Although Cubatabaco has not moved for summary judgment on these grounds, it has stated claims under Articles 20 and 21 of the IAC. These provisions therefore have the force of law under Section 44(h).

Cubatabaco has moved for summary judgment on its claims under Article 7<sup>50</sup> and 8<sup>51</sup> of the IAC. In order for

<sup>50</sup> Article 7 provides:

Any owner of mark protected in one of the Contracting States in accordance with its domestic law, who may know that some other person is using or applying to register or deposit an interfering mark in any other of the Contracting States, shall have the right to oppose such use, registration or deposit and shall have the right to employ all legal means, procedure or recourse provided in the country in which such interfering mark is being used or where its registration or deposit is being sought, and upon proof that the person who is using such mark, or applying to register or deposit it, had knowledge of the existence and continuous use in any of the Contracting States of the mark on which opposition is based upon goods of the same class the opposer may claim for himself the preferential right to use such mark in the country where the opposition is made or priority to register or deposit it in such country, upon compliance with the requirements established by the domestic legislation in such country and by this Convention.

<sup>51</sup> Article 8 provides, in pertinent part:

When the owner of a mark seeks the registration or deposit of the mark in a Contracting States other than that of origin of the mark and such registration or deposit is refused because of the previous registration or deposit of an interfering mark, he shall have the right to apply for and obtain the cancellation or annulment of the interfering mark upon proving, in accordance with the legal procedure of the country in which cancellation is sought, the stipulations in Paragraph (a) and [(b)]:

(a) That he enjoyed legal protection for his mark in another of the Contracting States prior to the date of the application for the registration or deposit which he seeks to cancel; and

(b) That the claimant of the interfering mark, the cancellation of which is sought, had knowledge of the use, employment, registration, or deposit in any of the Contracting States of the mark for the specific goods to

Section 44(h) to reach these provisions, they must involve "rights related to the repression of unfair competition." Articles 7 and 8 may be found in Chapter II of the IAC, labeled "Trademark Protection." Cubatabaco argues that Articles 7 and 8 involve the repression of unfair competition and quotes a Second Circuit opinion from 1953 that states that "infringement is itself a form of 'unfair competition.' " *American Automobile Ass'n v. Spiegel*, 205 F.2d 771, 774 (2d Cir.1953) (Hand, J.); *see also* H.R.Rep. 79-1333, 79th Cong., 2d Sess., at 4 (1946) ("[T]here is no essential difference between trade-mark infringement and unfair competition. Unfair competition is the genus of which trade-mark infringement is one of the species.").

Based on this logic, however, it would appear that all provisions of the IAC would be encompassed by Section 44(h). While a neat argument, it is undermined by the *Havana Club* ruling. Cubatabaco cites one portion of *Havana Club* to support this contention, noting that the Court held that the IAC's protection against a United States trademark infringing upon a foreign trade name—a provision it describes as "parallel" to Articles 7 and 8—was incorporated by Section 44. 203 F.3d at 128. It is true that it is incorporated by Section 44, but by subsection (g) of that section, rather than subsection (h), under which Cubatabaco has made its claims. *Id.* Section 44(g) provides that owners of foreign trade names may seek protection against infringement even in the absence of registration.<sup>52</sup> Therefore, the parallel provision required

---

which said interfering mark is applied, prior to adoption and use thereof or prior to the filing of the application or deposit of the mark.

<sup>52</sup> Section 44(g) provides: "Trade names or commercial names of persons described in subsection (b) of this section shall be protected without the obligation of filing or registration whether or not they form parts of marks."

an explicit statement from Congress that no registration was required. Moreover, the *Havana Club* Court rejected claims that Section 44(h) encompassed Article 23 of the IAC, which involves the repression of false indications of geographical origin. That provision also generally protects against unfair competition in the form of persons falsely labeling their goods to the detriment of those who are actually selling goods from a particular location.

In essence, Cubatabaco has invoked Articles 7 and 8 of the IAC to obtain the right of ownership of the COHIBA mark without registering its COHIBA trademark in the manner that United States law requires. As General Cigar points out, this result would directly undermine the Congressional purpose of encouraging registration in order to provide notice to other users who may have interest in the mark. *See In re Int'l Flavors & Fragrances*, 183 F.3d 1361, 1367 (Fed.Cir.1999) ("Entrepreneurs, for example, who plan to promote and to sell a new product under a fanciful mark, should be able to rely on a search of the trademark registry"); *Bongrain Int'l Corp. v. Delice de France*, 811 F.2d 1479, 1485 (Fed.Cir.1987) ("One of the policies sought to be implemented by the Act was to encourage the presence on the register of trademarks of as many as possible of the marks in actual use so that they are available for search purposes.").

Cubatabaco retorts to this policy argument that Articles 7 and 8 support the Congressional policy, as they both entail the eventual registration of the foreign mark and cancellation of the mark registered in the United States. This argument ignores the fact that for some variable number of years, the foreign mark has not been registered. It also ignores the fact that Congress has specifically carved out how owners of trademarks reg-

istered in other countries may obtain a U.S. registration. Under Section 44(d), a party that has applied for, but not yet received, a registration in a signatory nation may file a U.S. application within six months of filing its foreign application. If and when the foreign registration issues and if the trademark otherwise qualifies for registration under U.S. law, a U.S. registration will issue, with U.S. priority rights retroactive to the date upon which the foreign application was filed. Therefore, if the party fails to file within six months of its registration, or if someone else has used the mark in the United States prior to the foreign registration, the first U.S. user will have priority rights in the mark.

Under Section 44(e), a foreign party that has already registered its mark in a convention nation may submit a certified copy of that registration to the U.S. PTO at any time. A U.S. registration then will issue, if the mark otherwise qualifies for registration under U.S. law, but without special priority rights. Therefore, if someone else begins to use the mark in U.S. commerce before the foreign party submits a certified copy of the foreign registration to the U.S. PTO, the first U.S. user will have priority in the mark.

If Cubatabaco were correct, the claimant of a U.S. trademark right based on foreign registration would be better off not registering its mark, since it would not have to incur the expense of registration and maintenance fees, and would not have to maintain its registration through use in the United States or the filing of papers to establish excusable non-use. Further, the owner of the prior foreign registration could benefit by waiting until the owner of the United States mark had established a good reputation for the mark and taking advantage of these efforts. While it is true that owners of trademarks registered outside the United States are enti-

tled to protection, Congress has decided in the Lanham Act that they are not entitled to the kind of sword/shield defense that Cubatabaco seeks.

Such result would also contradict provisions of the IAC which contemplate that foreign parties should act to secure and maintain their rights. *E.g.* IAC, Art. 2 (person who desires to obtain a trademark protection must apply for protection); Art. 3 (contemplating compliance with "formal provisions of domestic law" for registration); Art. 10 (period of registration shall be fixed by state).

In light of the foregoing, Articles 7 and 8 of the IAC are not "related to the repression of unfair competition" and are not within the ambit of Section 44(h). Therefore, Cubatabaco's claims under Articles 7 and 8 of the IAC are dismissed.

## 2. *The Paris Convention*

Both Cuba and the United States are parties to the Paris Convention.<sup>53</sup>

There is a divergence in authority as to whether the Paris Convention is self-executing. *Compare Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 640-44 (2d Cir.1956) (in dictum: Paris Convention is self-executing), *cert. denied* 352 U.S. 871, 77 S.Ct. 96, 1 L.Ed.2d 76 (1956); *Davidoff Extension S.A. v. Davidoff Int'l Inc.*, 221 U.S.P.Q. (BNA) 465, 467 (S.D.Fla.1983) (relying solely on *Vanity Fair* in holding that Paris Convention is self-executing) with *In re Compagnie Generale Maritime*, 993 F.2d 841, 856 & n. 18 (Fed.Cir.1993) (Nies, J., dissenting) (Paris Convention is not self-executing); *L'Aiglon Apparel, Inc. v. Lana Lobell Inc.*, 214 F.2d 649

<sup>53</sup> The United States first became a party on May 30, 1887, and Cuba on November 17, 1904. See World Intellectual Property Organization, Intellectual Property Protection Treaties, at <http://www.wipo.org/treaties/ip/paris/> (last visited June 19, 2002).

(3d Cir.1954) (same) (cited approvingly in *BP Chemicals Ltd. v. Formosa Chemical & Fibre Corp.*, 229 F.3d 254, 259 n. 1 (3d Cir.2000)); *Ortman v. Stanray Corp.*, 371 F.2d 154, 157 (7th Cir.1967) (same); *ééInt'l Caf, S.A.L. v. Hard Rock Caf (U.S.A.), Inc.*, 252 F.3d 1274, 1277 n. 5 (11th Cir.2001) (same).<sup>54</sup>

There is no need to determine whether *Vanity Fair* is still controlling as to this issue, however, because of the *Havana Club* ruling. As discussed above, the Second Circuit determined that the rights under the IAC, although self-executing, nonetheless could only be asserted through Section 44(b) of the Lanham Act. 203 F.3d at 128. The Court reached this conclusion because of the original text of Section 44(b), which specifically incorporated the treaty rights of

[p]ersons who are nationals of, domiciled in, or have a bona fide and effective business or commercial establishment in any foreign country, which is a party to (1) the International Convention for the Protection of Industrial Property [the Paris Convention] . . . or (2) the General Inter-American Conventional for Trade Mark and Commercial Protection [the IAC] . . . or (3) any other convention or treaty relating to trade-marks, trade or commercial names, or the repression of unfair competition to which the United States is a party. . . .

*Id.* (citing Trademark Act of 1946, ch. 540, § 44(b), 60 Stat. 427, 442). The Court ruled that even though the

<sup>54</sup> Most recently, an unpublished decision of the Trademark Trial and Appeal Board also concluded that the Paris Convention is not self-executing. *Int'l Finance Corp. v. Bravo Co.*, Opp. Nos. 111, 276; 111, 760 (T.T.A.B. June 5, 2002) (collecting cases); see also *Scotch Whiskey Assoc. v. United States Distilled Products Co.*, 13 U.S.P.Q.2d 1711, 1713 (T.T.A.B.1989) (concluding that Paris Convention is not self-executing).

IAC was self-executing, because of this language, the plaintiff ~~may~~ assert its rights under the IAC pursuant to Section 44(b) of the Lanham Act. *Id.* Similarly, because the Paris Convention is included in the original language, even if it were self-executing, Cubatabaco would have to assert its rights under the Paris Convention pursuant to Section 44(b) of the Lanham Act.

Cubatabaco has asserted its Article 6-bis claim pursuant to Section 44(h). As discussed above, Section 44(h) will only encompass Article 6-bis if Article 6-bis concerns "rights related to the repression of unfair competition." *Havana Club*, 203 F.3d at 135 n. 19. Article 6-bis, similar to Articles 7 and 8 of the IAC, permits the refusal or cancellation of registrations of marks that are similar to well-known marks registered in other member countries.<sup>55</sup> A different provision, Article 10-bis, explic-

---

<sup>55</sup> Article 6-bis states:

1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

(3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.

itly addresses the provision of "effective protective against unfair competition." Article 10-bis.<sup>56</sup> There is no such similar language in Article 6-bis. Therefore, for the reasons stated above, Cubatabaco cannot rely on Section 44(h) to encompass the substantive provisions of Article 6-bis and its claims based on this provision must be dismissed.<sup>57</sup>

### **B. *State Common Law Claim***

Cubatabaco seeks summary judgment under the "New York common law" in the same section in which it discusses Article 6-bis of the Paris Convention. Cubatabaco fails to assert whether it refers to one or both of its New York common law claims and further fails to explicate the elements of either claim. The complaint contains two

---

<sup>56</sup> Article 10-bis provides:

(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition. (2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition. (3) The following in particular shall be prohibited: 1. all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor; 2. false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor; 3. indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

<sup>57</sup> Cubatabaco has asserted a claim under Article 10-bis as well, which presumably would not face the same difficulty. However, Cubatabaco has not moved for summary judgment on its Article 10-bis claim and its merits—as well as General Cigar's arguments regarding it—will not be addressed at this time.

such claims: (1) misappropriation and (2) unfair competition. Complaint, ¶¶ 72-74 (unfair competition under state and common law); 78-81 (common law misappropriation).

The first claim, misappropriation, has been called "the essence of unfair competition," *Forschner Group, Inc. v. Arrow Trading Co.*, 124 F.3d 402, 408 (2d Cir.1997). On the basis of this description, at least one district court has dismissed a common law misappropriation claim. *Something Old, Something New, Inc. v. QVC, Inc.*, 1999 WL 1125063, at \*13 (S.D.N.Y. Dec.8, 1999) (citing *Forschner* and dismissing misappropriation claim as it was considered part of unfair competition claim). Because the parties have not briefed the subject and because it is not even clear whether the misappropriation claim is at issue, the claim will not be dismissed at this time. However, Cubatabaco has failed to establish it should as a matter of law succeed on this claim.

New York common law unfair competition requires a showing of (1) likelihood of confusion and (2) bad faith. *Saratoga Vichy Spring*, 625 F.2d at 1044; see also *Lane Capital Mgmt., Inc. v. Lane Capital Mgmt. Inc.*, 15 F.Supp.2d 389, 400 (S.D.N.Y.1998) (noting that record "does not establish with clarity that defendant acted in bad faith, an essential element of unfair competition"); *Genesee Brewing Co. v. Stroh Brewing Co.*, 124 F.3d 137, 149 (2d Cir.1998) ("Under New York law, common law unfair competition claims closely resemble Lanham Act claims except insofar as the state law claim may require an additional element of bad faith or intent."). In discussing its New York common law claim, Cubatabaco does not address either prong, nor refer to any section of its brief that does. As discussed earlier, however, Cubatabaco did raise the issue of likelihood of confusion

in another section, and a question of fact remains as to whether likelihood of confusion will result.

General Cigar challenges this claim because it is the registered user of the COHIBA mark in the United States. A Central District of California court faced an analogous situation in *Grupo Gigante S.A. v. Dallo & Co.*, 119 F.Supp.2d 1083, 1089 (C.D.Cal.2000). The defendants, owners of a grocery store who had registered their mark with the state, claimed that the state registration made the common law well-known mark doctrine unavailable. The court rejected this argument, reasoning that a foreign mark must be protected if it was well-known in the United States prior to the party's obtaining rights to the mark through the state process. *Id.* at 1089-92 ("If a mark used only on products or services sold abroad is so famous that its reputation is known in the United States, then that mark should be legally recognized in the United States." (quoting McCarthy, *supra*, § 29:4, at 29-9)).

Although the *Grupo Gigante* case involved state rather than federal registration, the difference is not dispositive. After all, federal registration is only *prima facie* evidence of ownership, rather than a deed to the mark. Lanham Act, Section 33. Therefore, Cubatabaco might have prior rights to the COHIBA mark if it was well-known prior to General Cigar's first use of the mark in 1992.

An issue of material fact exists as to whether the Cuban COHIBA was well-known by November 1992. The Cuban COHIBA was recognized in *Cigar Aficionado* to be "perhaps the world's finest smoke." It had been selling around the world for ten years, and had been mentioned in several different magazine articles in the United States. Moreover, within the particular niche

market of the cigar industry, the Cuban COHIBA was renown.

General Cigar also recognized the renown of the Cuban COHIBA. Milstein testified that in 1989, 1991 and October 1992, General Cigar wanted to use a label as near as possible to the Cuban COHIBA "to somehow capitalize on the success of the Cuban brand, and especially [in October 1992] the good ratings that it got, the notoriety that it got from *Cigar Aficionado*." Milstein Dep. at 284. Milstein wrote a memorandum echoing similar thoughts in January 1993, concerning General Cigar's strategy "to exploit the popularity, familiarity, brand recognition and overall success of the Cuban Cohiba." Further, in the spring of 1993, General Cigar's advertising agency developed a campaign, the first phase of which was to "[e]xploit the Cohiba name, with its reputation as one of the world's finest cigars amongst cigar smokers, to build a brand image for the U.S. Product."

Cbatabaco has thereby raised a material issue of fact as to whether the Cuban COHIBA was "so famous that its reputation [was] known in the United States" and thus "should be legally recognized in the United States." *Grupo Gigante*, 119 F.Supp.2d at 1089. Therefore, while summary judgment may not be granted on this count, nor can the unfair competition claim be dismissed.

### **C. Federal Trademark Dilution Act**

Cubatabaco moves for partial summary judgment on Count XII,<sup>58</sup> alleging infringement of the Federal Trade-

<sup>58</sup> Cubatabaco has not moved on the parallel state law claim in Count XII, N.Y.Gen.Bus.Law. § 360-1. However, in a footnote, General Cigar alleges that Section 43(c)(3) of the Lanham Act bars this claim because of General Cigar's valid registration of the COHIBA mark. Def.'s Opp.Mem. at 28 n. 21. This subject will not be addressed as that claim is not at issue and, in any case, one of Cubatabaco's

mark Dilution Act of 1995 ("FTDA"), 15 U.S.C. § 1125(c)(1).

The FTDA provides that the "owner of a famous mark shall be entitled, subject to the principles of equity . . . , to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark." 15 U.S.C. § 1125(c)(1). "Dilution" for purposes of the FTDA is "the lessening of the capacity of a famous mark to identify and distinguish goods and services, regardless of the presence or absence of (1) competition between the owner of the famous mark and the other parties, or (2) likelihood of confusion, mistake, or deception." 15 U.S.C. § 1127.

The Second Circuit has summarized the five elements needed to establish unlawful dilution under the FTDA: "(1) the senior mark must be famous; (2) it must be distinctive; (3) the junior use must be a commercial use in commerce; (4) it must begin after the senior mark has become famous; and (5) it must cause dilution of the distinctive quality of the senior mark." *Nabisco Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir.1999).

### **1. General Cigar's Registration is Not a Defense**

General Cigar's primary contention is that its ownership of the COHIBA mark in the United States provides a defense to this claim. However, "federal registration is no defense to a charge of dilution under the federal Anti-dilution Act." McCarthy, *supra*, at § 24:90, at 24-150. Such could not be the case, as dilution itself provides a

---

claims is that the 1995 registration should be cancelled. Until the issue is raised as to whether the 1995 registration is valid, General Cigar cannot rely on Section 43(c)(3) to dismiss the state law claim.

ground for cancellation of a registration. 15 U.S.C. § 1052.

**2. *There is a Material Issue of Fact as to Whether Cubatabaco Owns the COHIBA mark in the United States***

The FTDA requires that the plaintiff be the "owner" of the mark. General Cigar argues that Cubatabaco is not the "owner" of the COHIBA mark in the United States because it did not register the mark with the PTO. This argument ignores that one need not have registered the mark to "own" it.<sup>59</sup>

As discussed above, under the "well-known marks" doctrine, a party with a well-known mark at the time another party starts to use the mark has priority over the party using the mark. In *Gigante*, discussed above, the defendants argued that the plaintiff, who had not registered the mark in California or through the U.S.P.T.O., could not make a dilution claim under the FTDA "because they do not own the mark." *Gigante*, at 1098 n. 10. There was no question that plaintiff had registered and owned the mark in Mexico. However, the court did not look to the plaintiff's ownership in Mexico, but instead rejected the defendants' argument because the Court had determined that the *Gigante* mark was a well-known mark prior to defendants' first use, and therefore the plaintiffs owned the U.S. rights to the mark. *Id.* at 1089.

<sup>59</sup> General Cigar's argument is further undercut by the language of the FTDA, which states that a court may, but not shall, look to whether the mark was registered in determining whether it was distinctive or famous. 15 U.S.C. § 1125(e)(1)(H). The drafters could easily have required registration by using the replacing "may" with "shall."

As discussed above, there is an issue of material fact as to whether Cubatabaco was the Cuban COHIBA was a "well-known" mark in 1992 and thus "owns" the rights to the COHIBA mark in the United States. Therefore, summary judgment may not be granted on this ground.

### **CONCLUSION**

For the foregoing reasons, Cubatabaco's Count I (Article 6-bis of the Paris Convention) and III (Article 7 and 8 of the IAC) are dismissed. Cubatabaco's motions for summary judgment on its claim of abandonment (Count XI) and to dismiss General Cigar's equitable defenses are granted. General Cigar's motion for summary judgment on the basis of its equitable defenses are denied. In light of the December 5, 2000, Order and the above opinion, Cubatabaco's cause of action is now limited to (1) Count II (Article 10-bis of the Paris Convention); (2) Count IV (Articles 20 and 21 of the IAC); (3) Count VII (Trademark Infringement Under Section 43(a) of the Lanham Act); (4) Count X (state and common law unfair competition); (5) Count XI (cancellation of the 1995 registration); (6) Count XII (dilution under state and federal law); and (7) XIII (common law misappropriation).

A pretrial conference will be held in September 2002 on a date convenient to counsel to schedule any further proceedings.

It is so ordered.

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT NEW YORK

---

No. 97 CIV. 8399 (RWS)  
October 8, 2002

---

EMMPRESA CUBANA DEL TABACO,  
d.b.a. CUBATABACO,

*Plaintiff,*

—v.—

CULBRO CORPORATION and  
GENERAL CIGAR CO., INC.,

*Defendants.*

---

OPINION

(EXCERPT)

SWEET, J.

Plaintiff Empresa Cubana del Tabaco d/b/a Cubatabaco ("Cubatabaco") and defendants Culbro Corporation (now known as General Cigar Holdings, Inc.) and General Cigar Co., Inc. (collectively "General Cigar") have moved separately for reconsideration of portions of this Court's opinion dated June 26, 2002,

*Empresa Cubana del Tabaco v. Culbro Corp.*, 213 F.Supp.2d 247 (S.D.N.Y.2002) (the "June 26 Opinion").

For the following reasons, those motions are denied.

### *Facts*

The parties and facts discussed herein are described in greater detail in *Empresa Cubana*, 213 F.Supp.2d 247, familiarity with which is presumed.

At issue in the June 26 Opinion were three motions for summary judgment: (1) General Cigar filed for summary judgment on the basis of its equitable defenses; (2) Cubatabaco filed for summary judgment to dismiss General Cigar's equitable defenses; and (3) Cubatabaco filed for summary judgment on its claims under Articles 7 and 8 of the InterAmerican Convention for Trade Mark and Commercial Protection ("IAC"); Article 6bis of the International Convention for the Protection of Industrial Property (the "Paris Convention"); the Federal Trademark Dilution Act; and New York common law. Those motions were considered fully submitted on March 13, 2002, and were decided in the single June 26, 2002 opinion. *Empresa Cubana*, 213 F.Supp.2d at 252. It was held that:

Cubatabaco's Count I (Article 6bis of the Paris Convention) and III (Article 7 and 8 of the IAC) are dismissed. Cubatabaco's motions for summary judgment on its claim of abandonment (Count XI) and to dismiss General Cigar's equitable defenses are granted. General Cigar's motion for summary judgment on the basis of its equitable defenses is denied.

*Id.* at 286-87.

The instant motions were filed on July 19, 2002, and were considered fully submitted on August 21, 2002.

## Discussion

### I. Standards Under Local Rule 6.3

"To succeed on a motion for reargument, the moving party must demonstrate that the court overlooked the controlling decisions or factual matters that were placed before the court in the underlying motion." *Lopez v. Comm'r of Soc. Sec.*, 2002 U.S. Dist. LEXIS 5091, \*1-\*2 (S.D.N.Y. March 27, 2002) (quotations and citations omitted); see also *Shrader v. CSX Transp.*, 70 F.3d 255, 257 (2d Cir.1995) (motion for reargument "will generally be denied unless the moving party can point to controlling decisions or data that the court overlooked matters, in other words, that might reasonably be expected to alter the conclusion reached by the court).

Rule 6.3 is intended to "ensure the finality of decisions and to prevent the practice of a losing party examining a decision and then plugging the gaps of a lost motion with additional matters." *Carolco Pictures, Inc. v. Sirota*, 700 F.Supp. 169, 170 (S.D.N.Y.1988) (citation omitted). The parties may not present new facts or theories at this stage. *Ralph Oldsmobile Inc. v. General Motors Corp.*, 2001 WL 55729, at \*2 (S.D.N.Y. Jan.23, 2001) (striking affidavit that was filed in support of motion to reconsider without court's permission); *Primavera-Familienstiftung v. Askin*, 137 F.Supp.2d 438, 442 (S.D.N.Y.2001) (party may not "advance new facts, issues or arguments not previously presented to the Court") (quoting *Morse/Diesel Inc. v. Fidelity & Deposit Co. of Md.*, 768 F.Supp. 115, 116 (S.D.N.Y.1991)).

Rule 6.3 must be narrowly construed and strictly applied so as to avoid duplicative rulings on previously considered issues, and may not be employed as a substitute for appealing a final judgment. *Lopez*, 2002 U.S. Dist. LEXIS 5091, at \*3; *Shamis v. Ambassador Factors*,

187 F.R.D. 148, 151 (S.D.N.Y.1999). The decision to grant or deny the motion rests in the discretion of the district court. *AT & T Corp. v. Community Network Servs. Inc.*, 2000 WL 1174992, at \* 1 (S.D.N.Y. Aug.18, 2000).

## II. *Cubatabaco's Motion Is Denied*

Cubatabaco seeks reconsideration of the Court's determination that its claims under Article 6bis of the Paris Convention and Articles 7 and 8 of the Inter-American Convention should be dismissed.

Cubatabaco anchors its motion for reconsideration on two "controlling decisions" with regard to canons of statutory interpretation.<sup>1</sup> As an initial matter, "the Court is mindful that canons of construction 'are not in any true sense rules of law. So far as they are valid, they are what Mr. Justice Holmes called them, axioms of experience.'" *Federal Mogul Corp. v. United States*, 63 F.3d 1572, 1581 (Fed.Cir.1995) (quoting Justice Felix Frankfurter, *Some Reflections on the Reading of Statutes* 27 (1947)). Thus, it is unclear whether a Rule 6.3 motion for reconsideration may appropriately be based upon "axioms of experience" as opposed to rules of law in the "true sense." Given the importance of the issues of international law before the Court, however, the argument that *Empresa Cubana* somehow placed the United States

<sup>1</sup> First, a statute must be construed to give effect to treat obligations if such a construction is possible. *Cheung v. United States*, 213 F.3d 82, 95 (2d Cir.2000) (citing *Weinberger v. Rossi*, 456 U.S. 25, 32, 102 S.Ct. 1510, 71 L.Ed.2d 715 (1982); *The Charming Betsy*, 2 Cranch 64, 118, 6 U.S. 64, 2 L.Ed. 208 (1804)). Second, when Congress, in enacting subsequent legislation, interprets an existing statute, Congress's interpretation must be given "great weight." *Loving v United States*, 517 U.S. 748, 770 (1996).

in violation of its international obligations and that therefore this Court should have otherwise construed the statutes if possible will be addressed.

Cubatabaco's argument relies on the assumption that the earlier ruling places the United States in violation of the IAC and the Paris Convention. *Empresa Cubana* merely held that, based on the Second Circuit's discussion of Section 44(h) in *Havana Club Holding, S.A. v. Galleon S.A.*, 203 F.3d 116 (2d Cir.2000), a party may not utilize Sections 44(b) and 44(h) of the Lanham Act for treaty provisions that do not relate to "unfair competition," and further than Articles 7 and 8 of the IAC and Article 6bis of the Paris Convention do not so relate. This holding does not prevent parties from obtaining rights under those provisions, however, either by complying with other subsections of the Lanham Act or through U.S. federal and common law.

As discussed in *Empresa Cubana*, the controlling decision, *Havana Club*, held that any rights under the Paris Convention and the IAC must be enforced through Section 44 of the Lanham Act, 15 U.S.C. § 1126, which concerns international conventions. *Empresa Cubana*, 213 F.Supp.2d at 279, 283. Section 44(b) provides that:

Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty, or reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this chapter.

15 U.S.C. § 1126(b). Therefore a party must enforce its rights under an international convention through Section 44(b) and some other subsection of Section 44.

Cubatabaco appears to argue that the United States will be in violation of its international obligations if Cubatabaco cannot assert its rights specifically under Section 44(h).<sup>2</sup> It ignores that there are other provisions of the Lanham Act under which Articles 7 and 8 of the IAC may be enforced and U.S. federal and common law under which they may vindicate their rights pursuant to Article 6bis of the Paris Convention.

---

<sup>2</sup> This Court has already detailed its reasons, based on *Havana Club*, for finding that Articles 7 and 8 of the IAC and Article 6bis of the Paris Convention cannot be enforced through Section 44(h) of the Lanham Act. Because Cubatabaco has cited no controlling authority to the contrary, this issue will not be reviewed.

Further, Cubatabaco has not persuasively argued that the Court's conclusions to that effect were inconsistent with *Havana Club*. In *Havana Club*, the plaintiff sought to enforce the substantive provisions of Articles 23 and 21(c) of the IAC. Article 23 appears in Chapter V of the IAC entitled "Repression of False Indications of Geographical Origin or Source," and not in Chapter IV, which expressly addresses the "Repression of Unfair Competition." The Second Circuit quoted the heading of Article 23 and then ruled that "because the IAC does not treat rights under article 23 as rights related to the repression of unfair competition," the plaintiff could not assert a Section 44(h) claim based on Article 23. *Havana Club*, 203 F.3d at 135 n. 19. The Court also held that the plaintiff failed to state a viable claim under Article 21(c) of the IAC. Article 21(c) is included in Chapter IV and labeled by the IAC as an unfair competition provision. The Second Circuit treated it as an unfair competition provision incorporated into Section 44(h) but nonetheless dismissed it because unfair competition is already prohibited by U.S. law. *Id.* at 134-35. Thus, it was consistent with this opinion for this Court to determine whether a treaty provision involves "unfair competition" within the meaning of Section 44(h) by reference to the labels within the treaties themselves.

### A. Articles 7 and 8 of the IAC

Article 7 of the IAC is related to the priority of use of marks. It explicitly states that a party may claim the preferential use of mark that it has registered in a contracting state but which another party is using or seeks to use in another contracting state "upon compliance with the requirements established by the domestic legislation in such country. . . ." Article 7. The Lanham Act is the domestic legislation at issue, and it specifically discusses the right of priority in Section 44(d). Thus, a party may enforce Article 7 through Sections 44(b) and 44(d) of the Lanham Act. As discussed in greater length in *Empresa Cubana*, if a party does not comply with Section 44(d), the party cannot attempt to gain priority of use through another provision of the Lanham Act. 213 F.Supp.2d at 280-81. That is exactly what Cubatabaco has tried unsuccessfully to do.

Similarly, Article 8 requires that a claimant "apply for and obtain the cancellation or annulment of the interfering mark . . . in accordance with the legal procedure of the country in which cancellation is sought." Article 8. Again, the legal procedure is by registering according to Section 44(d) of the Lanham Act.

Because Articles 7 and 8 mandate compliance with the domestic legislation, *i.e.* Section 44(d), the United States would be out of compliance with those articles only if it refused to recognize the rights of parties that had duly complied with Section 44(d).

The motion to reconsider the dismissal of Cubatabaco's claims pursuant to Articles 7 and 8 of the IAC is denied.

### B. Article 6-bis of the Paris Convention

The holding in *Empresa Cubana* did not place the United States in violation of its treaty obligations for a

different reason: the rights guaranteed under Article 6-bis have been subsumed by federal and common law. *E.g., Piaggio & S.S.p.A. v. Scooterworks USA, Inc.*, 1999 WL 674749, at \*3 (N.D.Ill. Aug.23, 1999) (rejecting claim under Article 6-bis asserted pursuant to Sections 44(b) and (h) as duplicative of cause of action under Section 43(a) of the Lanham Act); *Empresa Cubana*, 213 F.Supp.2d at 285-86 (discussing claims under the Federal Trademark Dilution Act and "well-known marks" doctrine).

This conclusion also answers Cubatabaco's argument that the U.S. Congress has expressed the position that Article 6-bis has already been implemented into federal law (*see* Uruguay Round Agreements Act, Pub.L. 103-465, § 101(d)(15); 108 Stat. 4809 (1994); TRIPS Article 2(1) ("Members shall comply with Articles 1-12" of the Paris Convention), reproduced in Message from the President of the United States, H.R. Doc. No. 103-316, Vol. I, Annex 1C, at 319 (1994)), and that therefore to reject a claim under Sections 44(b) and (h) is to flout this determination. Because "well-known marks" are already protected under federal and common law, Section 6-bis has been duly implemented.

Therefore, by holding that Article 6-bis could not be implemented pursuant to Section 44(h), *Empresa Cubana* did not place the United States in violation of its treaty obligations, nor did it ignore a contrary Congressional interpretation.

Cubatabaco also suggests that the holding with regard to Article 6-bis incorrectly "placed particular weight on what it considered to be the Lanham Act's general preference that marks be registered" (Pl.'s Reply at 6), because Article 6-bis does not require such registration. The opinion, however, relied only on *Havana Club* and the statutory interpretation argument with regard to Arti-

cle 6-bis's failing to involve "unfair competition." *Empresa Cubana*, 213 F.Supp.2d at 283-84. To the extent that the phrase "for the reasons stated above", *id.* at 184, could somehow be construed to include the policy arguments with regard to registration discussed in the section regarding Articles 7 and 8 of the IAC, the opinion is now limited as stated above.

Cubatabaco's motion for reconsideration of the dismissal of its Article 6-bis claim is denied.

### III. *General Cigar's Arguments*

General Cigar argues that summary judgment was improvidently granted on the issues of abandonment and equitable defenses as material issues of fact are present.

\* \* \* \*

### *Conclusion*

In light of the foregoing, Cubatabaco's and General Cigar's motions for reconsideration are denied.

It is so ordered.

No. 05-417

---

In the  
**Supreme Court of the United States**

---

EMPRESA CUBANA DEL TABACO, D/B/A CUBATABACO,  
PETITIONER,

V.

GENERAL CIGAR CO., INC., AND GENERAL CIGAR HOLDINGS,  
INC.,

RESPONDENTS.

---

ON PETITION FOR A WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS  
FOR THE SECOND CIRCUIT

---

**BRIEF IN OPPOSITION**

---

JOHN J. KIRBY, JR.  
ALEXANDRA A. E. SHAPIRO  
DAISKE YOSHIDA  
LATHAM & WATKINS LLP  
885 THIRD AVENUE,  
SUITE 1000  
NEW YORK, NY 10022-4802  
(212) 906-1200

MAUREEN E. MAHONEY  
*Counsel of Record*  
MATTHEW K. ROSKOSKI  
JENNIFER L. GIORDANO  
LATHAM & WATKINS LLP  
555 11TH STREET NW,  
SUITE 1000  
WASHINGTON, DC 20004-1304  
(202) 637-2200

---

## QUESTIONS PRESENTED

The district court held that Cubatabaco acquired ownership of the COHIBA mark through the "famous marks doctrine," canceled General Cigar's registration of the mark, and enjoined it from all use of the mark. Adopting the view of the U.S., the Second Circuit held that Cubatabaco does not own the U.S. rights to COHIBA, because the Cuban Embargo prohibits transfers of ownership by operation of law. This holding is not challenged in the Petition. The questions presented are:

(1) Whether the Second Circuit correctly held that Petitioner, having dismissed all its Lanham Act Section 43(a) claims except those resting on a trademark infringement theory, was not entitled to relief because the Cuban Embargo barred Petitioner from owning the mark, and a non-mark owner cannot use Section 43(a) to secure cancellation of a registration and an injunction against all use of the mark by a good faith registrant, senior user, and owner of the mark in the U.S.?

(2) Whether the Second Circuit correctly held that Congress intended the Cuban Embargo's restrictions on the means through which Cuban entities could acquire intellectual property rights in the U.S. to control, even if the Paris Convention on intellectual property, which does not purport to prohibit national security embargoes, would otherwise have authorized such means?

(3) Whether the Second Circuit correctly held that a foreign trademark owner cannot disregard the Lanham Act's provisions for timely registration and wait nearly 30 years to assert rights under the Inter-American Convention as against a good faith U.S. user?

**RULE 29.6 STATEMENT**

General Cigar Co., Inc. is a wholly-owned subsidiary of General Cigar Holdings, Inc., formerly known as Culbro Corporation. Two wholly-owned subsidiaries of Swedish Match AB, a publicly-held corporation, own 100% of the shares of General Cigar Holdings, Inc.

## TABLE OF CONTENTS

	Page(s)
QUESTIONS PRESENTED .....	i
RULE 29.6 STATEMENT.....	ii
TABLE OF CONTENTS .....	iii
TABLE OF AUTHORITIES .....	iv
STATEMENT OF THE CASE.....	1
REASONS FOR DENYING THE WRIT .....	13
I. THIS CASE PRESENTS NO DEFERENCE ISSUE BECAUSE THE SECOND CIRCUIT DEFERRED ENTIRELY TO THE EXECUTIVE'S INTERPRETATION OF THE CACR, DISAGREEING ONLY ON CONSTRUCTION OF THE LANHAM ACT .....	15
II. THE SECOND CIRCUIT'S HOLDING THAT THE TERMS OF THE CUBAN EMBARGO ARE PLAINLY INTENDED TO SUPERSEDE ANY CONFLICTING TREATY PROVISIONS WAS BASED ON A SETTLED AND CORRECT LEGAL STANDARD .....	21
III. THE SECOND CIRCUIT'S CONSTRUCTION OF THE INTER-AMERICAN CONVENTION DOES NOT CONFLICT WITH ANY DECISION OF ANY CIRCUIT .....	24
IV. THE SECOND CIRCUIT'S DECISION DOES NOT CREATE ISSUES OF EXCEPTIONAL NATIONAL IMPORTANCE WARRANTING THIS COURT'S INTERVENTION .....	26
CONCLUSION .....	30

## TABLE OF AUTHORITIES

Page(s)

## CASES

<i>Barcelona.com, Inc. v. Excelentísimo Ayuntamiento de Barcelona,</i> 330 F.3d 617 (4th Cir. 2003).....	29
<i>British-American Tobacco Co. v. Philip Morris Inc.,</i> 55 U.S.P.Q. 2d (BNA) 1585 (T.T.A.B. 2000).....	25
<i>British-American Tobacco Co. Ltd. v. Philip Morris USA, Inc.,</i> 2004 TTAB LEXIS 472, at 31 .....	25
<i>Christensen v. Harris County,</i> 529 U.S. 576 (2000).....	16
<i>Clark v. Allen,</i> 331 U.S. 503 (1947).....	23
<i>College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board,</i> 527 U.S. 666 (1999).....	17, 19
<i>Cook v. United States,</i> 288 U.S. 102 (1933).....	22
<i>Dastar Corp. v. Twentieth Century Fox Film Corp.,</i> 539 U.S. 23 (2003) .....	17
<i>Emergency One, Inc. v. American Fire Eagle Engine Co.,</i> 332 F.3d 264 (4th Cir. 2003).....	18
<i>Empresa Cubana del Tabaco v. Culbro Corp.,</i> 213 F. Supp. 2d 247 (S.D.N.Y. 2002) .....	7

## TABLE OF AUTHORITIES—Continued

Page(s)

<i>Ford Motor Co. v. Summit Motor Products, Inc.</i> , 930 F.2d 277 (3d Cir.), cert. denied, 502 U.S. 939 (1991) .....	18
<i>Genesee Brewing Co. v. Stroh Brewing Co.</i> , 124 F.3d 137 (2d Cir. 1997) .....	19, 20
<i>Guessefeldt v. McGrath</i> , 342 U.S. 308 (1952) .....	23
<i>Havana Club Holding, S.A. v. Galleon, S.A.</i> , 203 F.3d 116 (2d Cir.), cert. denied, 531 U.S. 918 (2000) .....	3, 22, 23
<i>Havana Club Holding, S.A. v. Galleon S.A.</i> , 974 F. Supp. 302 (S.D.N.Y. 1997) .....	23
<i>Imperial Tobacco Ltd. v. Philip Morris, Inc.</i> , 899 F.2d 1575 (Fed. Cir. 1990) .....	4
<i>In re Dial-A-Mattress Operating Corp.</i> , 240 F.3d 1341 (Fed. Cir. 2001) .....	25
<i>In re Rath</i> , 402 F.3d 1207 (Fed. Cir. 2005) .....	29
<i>International Bancorp, LLC v. Societe des Bains de Mer et du Cercle des Etrangers a Monaco</i> , 329 F.3d 359 (4th Cir. 2003), cert. denied, 540 U.S. (2004) .....	4

## TABLE OF AUTHORITIES—Continued

Page(s)

<i>International Caf, S.A.L. v. Hard Rock Caf International (U.S.A.), Inc., 252 F.3d 1274 (11th Cir. 2001)</i> .....	29
<i>K Mart Corp. v. Cartier, Inc., 485 U.S. 176 (1988)</i> .....	19
<i>Mannington Mills, Inc. v. Congoleum Corp., 595 F.2d 1287 (3d Cir. 1979)</i> .....	29
<i>Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894 (9th Cir. 2002), cert. denied, 537 U.S. 1171 (2003)</i> .....	29
<i>National Cable &amp; Telecommunications Association v. Brand X Internet Services, 125 S. Ct. 2688 (2005)</i> .....	15
<i>Ortman v. Stanray Corp., 371 F.2d 154 (7th Cir. 1967)</i> .....	29
<i>Park 'N Fly, Inc. v. Dollar Park &amp; Fly, Inc., 469 U.S. 189 (1985)</i> .....	3
<i>Person's Co. v. Christman, 900 F.2d 1565 (Fed. Cir. 1990)</i> .....	2, 5, 20
<i>Saratoga Vichy Spring Co. v. Lehman, 625 F.2d 1037 (2d Cir. 1980)</i> .....	20
<i>United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918)</i> .....	20

## TABLE OF AUTHORITIES—Continued

Page(s)

<i>United States v. Lee Yen Tai</i> , 185 U.S. 213 (1902).....	22
<i>Whitney v. Robertson</i> , 124 U.S. 190 (1888).....	22
<i>Yamaha Corp. of America v. United States</i> , 961 F.2d 245 (D.C. Cir. 1992), <i>cert. denied</i> , 506 U.S. 1078 (1993) .....	29
<i>Young v. AGB Corp.</i> , 152 F.3d 1377 (Fed. Cir. 1998) .....	3

## STATUTES AND REGULATIONS

15 U.S.C. § 1051 .....	16
15 U.S.C. § 1052 .....	5
15 U.S.C. § 1052(d) .....	5
15 U.S.C. § 1064 .....	5
15 U.S.C. § 1065 .....	6
15 U.S.C. § 1071 .....	25
15 U.S.C. § 1091 .....	16
15 U.S.C. § 1115(a) .....	3, 4
15 U.S.C. § 1116 .....	16
15 U.S.C. § 1121 .....	16
15 U.S.C. § 1126(b) .....	4
15 U.S.C. § 1126(d) .....	5, 26
15 U.S.C. § 1126(e) .....	2, 5
15 U.S.C. § 1126(h) .....	29
15 U.S.C. § 1127 .....	5

## TABLE OF AUTHORITIES—Continued

## Page(s)

22 U.S.C. § 6021(28) .....	24
22 U.S.C. § 6032(c).....	22
22 U.S.C. § 6032(h) .....	2, 21, 22
Pub. L. No. 104-114, § 2(8), 110 Stat. 785, 786 (1996) .....	23
31 C.F.R. § 515.201 <i>et seq</i> .....	2
31 C.F.R. § 515.201(b)(1) .....	22
31 C.F.R. § 515.310 .....	23
31 C.F.R. § 515.527 .....	2

## TREATIES

33 I.L.M. 81 (1994) .....	24
13 U.S.T. 1 (1962).....	22
21 U.S.T. 1583 (1970).....	3, 22
24 U.S.T. 2140 (1973) .....	21, 22
46 Stat. 2907 (1930).....	3

## OTHER AUTHORITY

1 J. Thomas McCarthy, <i>McCarthy on Trademarks and Unfair Competition</i> § 1:2 (4th ed. 2005) .....	18
3 J. Thomas McCarthy, <i>McCarthy on Trademarks and Unfair Competition</i> , §§ 19:2-19:3 (4th ed. 2005).....	2

## TABLE OF AUTHORITIES—Continued

Page(s)

4 J. Thomas McCarthy, <i>McCarthy on Trademarks and Unfair Competition</i> §§ 27:9, 27:13 (4th ed. 2005).....	17, 18
<i>Hearings on H.R. 9041 Before the H. Comm. on Patents</i> , 75th Cong. 164 (1938) .....	4
Executive Office of the President, Office of Management and Budget, Statement of Administration Policy on H.R. 2989— Dep'ts of Transp. and Treasury and Independent Agencies Appropriations Bill, FY 2004 (Sept. 4, 2003).....	2
S. Ct. R. 10.....	21
White House Fact Sheet, U.S.-Cuba Policy and the Cuban Liberty and Democratic Solidarity Act (July 16, 2002) .....	2

## STATEMENT OF THE CASE

General Cigar adopted and registered the COHIBA mark for cigars in the U.S. twenty-seven years ago. It has been using the mark here in good faith, believing it was the owner, for the vast majority of that time. Cubatabaco, a monopoly owned by the Cuban government, does not dispute that it could have registered the COHIBA mark in the U.S. prior to General Cigar's first registration but elected not to do so; that it never used the mark here; and that it never otherwise acquired ownership of the COHIBA mark in the U.S. by operation of law because the terms of the Cuban Embargo prohibit any such transfer. The Second Circuit properly held that under these circumstances, it had no authority under the Lanham Act or any international treaty to cancel General Cigar's registration or prohibit it from using the mark in the U.S. The decision does not conflict with any ruling from this Court or any other Circuit.

The Petition attempts to distract attention from this fact-bound application of the Lanham Act by claiming that the Second Circuit failed to defer to the government's interpretation of the regulations enforcing the Cuban Embargo. In fact, the Second Circuit expressly adopted the government's Embargo analysis, concluding that Cubatabaco never acquired ownership of the COHIBA mark in the U.S. The only point of disagreement between the Second Circuit and the government was on Lanham Act construction—specifically whether Cubatabaco can secure cancellation and an injunction against a good faith registrant without establishing prior U.S. ownership of the mark. Petitioner does not even contend that there is a conflict on this statutory issue, and the U.S. did not file a brief supporting Petitioner's request for rehearing en banc, where it raised the very claims in this Petition. The writ of certiorari should be denied.

**Statutory Background.** In order to put Petitioner's claim that it has been denied fundamental rights under

international treaties into proper perspective, it is useful to describe the statutory scheme that Congress established to protect the interests of foreign mark holders, including those subject to the Cuban embargo. "[T]rademark rights exist in each country solely according to that country's statutory scheme." *Person's Co. v. Christman*, 900 F.2d 1565, 1569 (Fed. Cir. 1990). The statutory scheme here is based on registration and use in U.S. commerce. 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, §§ 19:2-19:3 (4th ed. 2005). Cuban entities have not been able to use trademarks in U.S. commerce since 1962, when Congress imposed an Embargo on all trade with Cuba for the express purpose of protecting our national security. See Cuban Asset Control Regulations ("CACR"), 31 C.F.R. § 515.201 *et seq.*, codified in the Cuban Liberty and Democratic Solidarity Act of 1996 ("LIBERTAD Act"), 22 U.S.C. § 6032(h) (collectively, "the Embargo"), Pet. App. 6a.<sup>1</sup> The Embargo nevertheless permits Cuban entities to register trademarks in the U.S. 31 C.F.R. § 515.527.<sup>2</sup>

---

<sup>1</sup> Strict enforcement of the Embargo is essential to the foreign policy interests of the U.S. See, e.g., White House Fact Sheet, U.S.-Cuba Policy and the Cuban Liberty and Democratic Solidarity Act (July 16, 2002) ("The President likewise remains committed to the use of the trade embargo and travel restrictions as tools to encourage a rapid transition. ... [T]he Administration strongly opposes any effort to loosen sanctions against the Cuban regime until it undertakes meaningful political, economic, and labor reforms and respects human rights."); Executive Office of the President, Office of Management and Budget, Statement of Administration Policy on H.R. 2989—Dep'ts of Transp. and Treasury and Independent Agencies Appropriations Bill, FY 2004 (Sept. 4, 2003) (threatening veto if amendments weakening Embargo passed).

<sup>2</sup> The Lanham Act has long allowed the owner of a foreign trademark registration to register that mark in the U.S. without use here provided the owner states his "bona fide intention to use the mark in [U.S.] commerce." 15 U.S.C. § 1126(e). The Embargo excuses Cuban trademark owners who take advantage of the right to register from the use requirement with which registrants must ordinarily comply to maintain their rights.